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April 28, 1976

FINANCIAL TIMES

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…S SUMMARY

BUSINESS

Equities up 4.8; pound helps gilts

● EQUITIES made further progress. The FT 30-Share Index, after showing a rise of 6.7 at 1 p.m., closed a net 4.8 up at 409.9. Trading was thin—official markings of 5,354 were again well below last week's average of 6,119.

● GILTS were helped by sterling's steadier performance. Gains extended to 1¼ in longs and to ¾ in shorts.

● STERLING maintained its firmer trend. Its weighted depreciation narrowed to 37.5 (37.7) per cent. The pound gained 45 points against the dollar to $1.8235. The dollar's weighted fall widened to 1.59 (1.49) per cent.

● GOLD gained $1 to $129.

● SILVER was fixed 7.7p an ounce higher for spot delivery in the London bullion market. The metal opened at 245.5p, and touched 251.3p before closing at 250.5p after a fairly active day.

● WALL STREET had fallen 3.07 to 999.69 near to the close.

● U.S. TREASURY bill rates were: Threes 4.909 (4.763) per cent.; Sixes 5.230 (5.089) per cent.

Polaroid cites Kodak for patent infringements

● POLAROID is taking Eastman Kodak to court for ten alleged patent infringements. Four cover the design of instant cameras and the other six relate to instant film technology. Back Page

● NEW YORK Stock Exchange chairman Mr. James J. Needham has resigned. Back Page

● HOUSEBUILDING activity in the U.K. continued to improve in March. Private housing starts reached their highest level since 1973. Back Page

● INTERNATIONAL STORES plans to close 351 of its 528 shops and three of its retail depots by the end of the year. About 4,000 people will lose their jobs. Back Page

● POTATO prices in the shops could rise to well over 20p a lb this week. Britain has virtually exhausted its stocks of old potatoes and the first appreciable quantities of home-grown earlies are not expected to be lifted until towards the end of next month. Page 31

COMPANIES

● SELECTION TRUST, the U.K. mining group, is to raise £20m. with a two-for-nine rights issue at 400p. Profits for the year ended March 31 are expected to match those of 1974-75. The 15.2p dividend for the past year is expected to be at least maintained on the higher capital in 1976-77. Page 27 and Lex

● HOECHST is reducing its dividend to 14 (18) per cent. Pre-tax profits fell 41.2 per cent. to DM559m. (£121m.). Page 28

…E CHANGES YESTERDAY

…unless otherwise …ated)

Mathews Wrightson...	208 + 12
Morgan Grampian ...	487 + 4
Office and Electronic	67 + 4
Rank Organisation ...	170 + 5
Spirella	99 + 4
Staffs. Potts.	148 + 8
Tern-Consulate	21½ + 2¼
Tozer Kemsley	60 + 4
Unilever	478 + 10
British Borneo	132 + 6
BP	655 + 5
Anglo-American Coal	500 + 30
MIM	284 + 18
Joburg. Cons.	£20¼ + 1¼
Palabora	900 + 30
Pancontinental	£10 + 1
FALLS	
Aust. and NZ Bank...	405 − 8
Camrex	41 − 4
Reed Exec.	46 − 4
Coronation	90 − 10
Selection Trust	353 − 20

Statement of 'paramount importance'—Kaunda

Kissinger declares U.S. opposition to white Rhodesia

BY BRIDGET BLOOM, AFRICA CORRESPONDENT

Dr. Henry Kissinger, U.S. Secretary of State, yesterday declared that white-ruled Rhodesia would face "unrelenting opposition" from Washington until a negotiated settlement was achieved. His statement was hailed by Zambia's President Kaunda as of "paramount importance."

Dr. Kissinger, delivering in Lusaka what was described as the keynote speech of his two week African tour, outlined U.S. policy in southern Africa in general and towards Rhodesia in particular declared that his visit was intended to usher in a new era in American policy."

He came down firmly on the *side of majority rule in Rhodesia*, but stopped short of offering aid to Rhodesian guerillas.

In what observers saw as the most detailed statement of U.S. policy in Africa so far, Dr. Kissinger said that American policy "for a just and durable Rhodesian solution" would rest on "10 elements." The first of these was "support in the strongest terms" for the proposals made by Mr. James Callaghan, then British Foreign Secretary, on March 22, for Rhodesian independence under majority rule in not more than two years from the "expeditious conclusion of negotiations."

White Rhodesia, Dr. Kissinger said, could expect neither diplomatic nor material help at any stage of its conflict with African states or African liberation movements. "On the contrary, it will face our unrelenting opposition until a negotiated settlement is achieved."

The Foreign Office yesterday warmly welcomed American support for Britain's Rhodesia policy. However, Dr. Kaunda, though describing the speech as of paramount importance, implicitly criticised Dr. Kissinger for not going far enough.

The time for peaceful settlement of Rhodesia was gone, he said. "The war will not stop until Zimbabwe is born." The answer to ending the war was very simple, he added. "Smith and his colleagues must hand over power to the majority and then the war will end. This is America's challenge now."

Dr. Kaunda has significantly hardened his stand over Rhodesia since the recent breakdown of talks between the Smith regime and the Nkomo faction of the African National Council.

Challenge

Dr. Kissinger's statement went some, if not all, of the way to meeting this challenge. In what will undoubtedly be a welcome move to African leaders, the Secretary of State announced that the Ford Administration would this year urge Congress to repeal the Byrd amendment —which authorises the U.S. to import Rhodesian chrome, contrary to UN mandatory sanctions.

It would also use its influence with other industrial nations to ensure compliance with sanctions. It would also urge U.S. citizens not to go to Rhodesia and those already there to leave.

To ensure that there were "no misperceptions" in white Rhodesia, when Dr. Kissinger returned to Washington, the U.S. Government would "communicate clearly and directly to the Salisbury regime our view of the urgency of a rapid negotiated settlement leading to majority rule."

Dr. Kissinger announced U.S. aid of $12.5m. to help Mozambique overcome the effects of imposing sanctions against Rhodesia and, in an apparent reference to Botswana, whose border with Rhodesia is still open, promised aid to any other countries closing their frontiers with Rhodesia.

In his final points on Rhodesia, *Dr. Kissinger declared U.S. willingness* to "aid a newly independent Zimbabwe" and to provide some assistance towards "a constitutional structure (which) should *protect minority rights*, together with establishing majority rule."

On Namibia (South West Africa) Dr. Kissinger declared that while the U.S. was encouraged "by the South African Government's evident decision to move Namibia towards independence," it was concerned that South Africa had failed to announce a timetable for its achievement.

It was also concerned that not all "people and political groupings" had been taking part in current constitutional discussions within Namibia—an obvious reference to the exclusion of SWAPO, the main Namibian nationalist party.

The goal of U.S. policy was to see "a rapid and acceptable transition to Namibian independence." *Dr Kissinger* added that "once some concrete movement towards self-determination" was under way, the U.S. would ease its restrictions on trade and investment in *Namibia*.

Editorial Comment Page 14

Smith appoints 10 black Ministers

BY TONY HAWKINS

SALISBURY, April 27.

MR. IAN SMITH, the Rhodesian Prime Minister, to-night announced the appointment of four tribal chiefs as Government *Ministers and six other Africans* as deputy Ministers (Parliamentary Secretaries).

Mr. Smith said in a radio and TV broadcast to-night that he will to-morrow name the four Ministers and three of the six deputy Ministers who he has already selected.

He would allow some time to go by, he added, before he announced the appointment of the three remaining black deputy Ministers.

These appointments should not be construed as weakness on his part. "Let me say in the strongest terms that we have no intention whatever of surrendering our country as part of a policy of appeasing the Communists."

His Government would not allow Rhodesia to degenerate into a shambles like Angola and Mozambique. The chiefs wished to work constructively with his Government to promote the interests of their people. He stressed repeatedly that the Government was "in no mood for appeasement.

"Let there be no doubt in anybody's mind that the white Rhodesian has no intention of surrendering his position."

New courts

A new terrorist offensive had been made in the south-east of Rhodesia but Government preparations to deal with it were not as yet complete. He hoped for "a great improvement in the general situation in the south-east after a big initiative there in the coming month."

Mr. Smith also announced the setting-up of special criminal courts to deal solely with trials arising from guerrilla activities. There would be a system of appeal from these courts to the *Appelate Division of the High* Court.

Nationalist politicians promptly rejected Mr. Smith's power sharing plan. Mr. Josiah Chinamano, of the *Nkomo views of the* African National Council, said: "It is not enough to present a black face—the people themselves must choose the representatives of their liking."

Dr. Elliott Gabellah, deputy president of the ANCs Muzorewa said that Mr. Smith was merely scrateing the surface of the serious problem that was facing Rhodesia.

TUC leaders review pay talks to-day

BY ROY ROGERS, LABOUR CORRESPONDENT

THE FULL TUC General Council meets this morning to review progress toward a new voluntary wage restraint policy following a further session of intense bargaining last night between TUC negotiators and a Government team headed by Mr. Denis Healey, Chancellor of the Exchequer.

After several hours of talks last night it appeared that yet another meeting would be necessary before the two sides can reach an agreement on what should replace the £6-a-week flat rate policy due to expire at the end of July.

On the pay policy talks Mr. *Callaghan told the Commons*. "I think there is no doubt that if there is agreement reached —as I firmly believe there will be in the light of discussions I had *yesterday and to-day—on wages* policy, the future of sterling which is of concern to us all, will be more assured."

He added that in his view the *foreign exchange market* had "overdone" its gloomy attitude to the U.K. economic situation.

The Prime Minister was answering questions from Mrs. Margaret Thatcher, Leader of the Opposition, after a private meeting with Mr. Len Murray TUC general secretary, before last night's policy discussions.

After their preliminary sparring the Government and the TUC are getting down to the hard bargaining with a view to agreeing a compromise between the Chancellor's Budget offer of a 3 per cent. wage norm linked to £1bn. of tax concessions and the TUC's initial proposal of a 5 per cent. limit plus the offered tax relief. In addition the TUC hopes for some commitment on moves to curb rent and price increases, as well as unemployment levels, and to bring about introduction of selective import controls.

Broad support for the Chancellor's 3 per cent. suggestion came yesterday from the CBI. Lord Watkinson, CBI deputy president, told British and American industrialists in London that he believed a settlement would be reached

The CBI supported the proposal to link tax concessions to the pay settlement, and looked to the Secretary for Prices to improve the cash position of companies in the free enterprise sector.

"The Chancellor has helped by his tax treatment of stock appreciation in the Budget. We now expect further practical help in a radical re-shaping of price control, which we will accept so long as there is agreed pay restraint at a level that the country can afford.

"Employers will then drive still harder at new capital investment and exports—both of which are doing well—in the knowledge that this is the only way of achieving full employment and the high-output, high-wage economy on which the Government, the CBI and the TUC agreed at the special NEDC meeting at Chequers"

"It is a very risky operation to *sell Britain short*," Lord Watkinson said. "Those who do it face not only the Government, the Bank of England, the CBI and TUC, but much more *important—a people who are* rather good at sinking differences after due argument and uniting to fight lustily for a common cause."

CPSA leaders reject 3 per cent. Page 12

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Soares stand on coalition may bring back military

BY PAUL ELLMAN LISBON, April 27

SOCIALIST refusal to countenance any *coalition* Government on the basis of Sunday's election results threatened today to bring the Portuguese military back to the front of the *political stage*.

Although his party took only 35.01 per cent. of Sunday's vote, Dr. Mario Soares, the Socialist leader, has stuck firmly to his *proclaimed intention of governing* either alone or not at all.

Dr. Soares has said that a Socialist Government would include independents and representatives *of the military*, an idea he first floated shortly before last November's abortive Left coup, but which he subsequently appeared to have dropped.

His demand is thought to have sparked considerable concern among elements of the Revolutionary Council of the Armed *Forces, who were hoping that* the election would enable the military to phase out its involvement in the day-to-day running of the country, and play the *more passive role of* constitutional watchdog.

The most prominent exponent of this viewpoint is General *Ramalho Eanes, the Army Chief* of Staff, who can count on 13 of the 21 votes on the Revolutionary Council. Ranged against him is the group headed by Major *Melo Antunes, the Foreign* Minister, who has long held that the military should keep at least one hand on the helm to ensure that the Portuguese Revolution *follows a Socialist course*.

The Antunes group was under considerable pressure in the weeks leading up to the General Election, and it was expected *that at least two of his supporters* would be removed from the Revolutionary Council soon after the electoral dust had cleared.

The stalemate produced by the *poll has given a fresh lease of* life to Major Antunes' political future, which would be extremely bleak of a civilian Government were formed based on a coalition *of the parties represented in the* Legislative Assembly.

Such a coalition was the subject of pleas to-day from both the Popular Democrat (PPD) leader, Dr. Sa Carneiro, and the Centre Democrat (CDS) leader, Prof. Freitas do Amaral. Both leaders denounced the intransigence of *the Socialists, and Dr. Sa Car*neiro threatened to pull the PPD out of the present Cabinet unless the Communists were expelled.

Th CDS and PPD leaders also *stressed that a coalition of their* parties with the Socialists would provide the only Government with a broad enough base to tackle the mounting economic *and social problems*.

The PPD national executive was meeting to-night to decide finally on the question of remaining inside the sixth Provisional Government, which, according to the constitution, should remain in office until after Presidential elections this midsummer.

Although the PPD remained the second biggest political force in the country, it, along with the Socialists, saw its vote slip on Sunday, and Dr. Sa Carneiro is thought the pushing the Socialists so hard for a coalition —between them Socialists and PPD would control 177 of the 263 Assembly seats — at least partly to ensure that his own political standing is ensured.

The booby traps Page 6

Marks and Spencer's European outlets show £2½m. loss

BY TERRY WILKINSON, CITY STAFF

MARKS AND SPENCER'S venture into Europe has led to a *loss of £2.5m. in its first year of* operation.

This emerged from the annual profits statement yesterday, which showed that pre-tax profits of M and S had increased from £81.9m. to £83.8m., in spite of these losses and an extra contribution of £8.7m. to the group staff pension scheme.

The past financial year saw Marks and Spencer make its first move into Europe by opening three pilot department stores in Paris, Brussels and Lyons. The cost of opening these stores is believed to have been in the region of £9.25m., including £750,000 of stock for each store and over £1.5m. spent on the training of personnel. The company intends to write off these opening costs over a period of three years and this has materially affected the outcome of the first-year's trading in Europe.

The Paris store, opened in February, 1975, suffered from stock replacement problems in the earlier part of the year but is now reported to be trading profitably.

Results Page 26
Lex Back Page

Progress in Brussels has been held back by the construction of the Brussels Metro—road works have surrounded the new store —but this work should be completed next month.

The store in Lyons, which was opened in September, 1975, in France's largest regional shopping centre, may not show a profit until the centre is fully established. Losses, though on a smaller scale, are expected in Europe during the current year owing to the planned write-off of opening costs.

The company has no immediate plans for further expansion in Europe and believes that it is too early to judge the success, or otherwise, of its present venture. Elsewhere, Marks and Spencer's 55 per cent. stake in the Peoples Department Stores Group of Canada has brought in pre-tax profits of only £425,000, net of financing costs, on sales of £35.8m. Rationalisation is already under way; as more stores take on the name of Marks and Spencer.

The stock market, which was *expecting the first downturn in* Marks and Spencer's profits for two decades, in the light of the squeeze on consumer spending in the U.K., received the results favourably. The shares rose by 5p to 98p last night.

£ in New York

	April 26	Previous
Spot	$1.8200-8210	$1.8060-8080
1 month	0.97-0.87 dis	1.08-1.03 dis
3 months	2.85-2.76 dis	2.88-2.83 dis
12 months	8.60-8.35 dis	8.65-8.55 dis

LOMBARD

Population path to eco-disaster

BY C. GORDON TETHER

THE DEBATE on the question of whether the world is going to be able to expand food production fast enough to cope with the growth of population tends to be dominated by two main propositions.

One is that there is really no problem at all seeing that, between them, market forces and technological advance should ensure that we can obtain all the additional food we need from capacity at present unused or under-utilised. The other is that these processes will not measure up to the immensity of the challenge—with the result that we shall arrive in the early years of the next century with 8bn. people who are much more seriously under-fed than the poverty-stricken one-third of our present 4bn.

There is, however, room for a third view—that the problem of providing food for all those extra mouths will never arise because ecological restraints and the inadequacies of our political and social modes of life are such that there is no chance of the planet being able to support such a population. And this is clearly set out in an article by Paul Ehrlich, an environmentalist who needs no introduction, and Mr. John Holdren of the University of California in the current issue of the UN's Development Forum.

More serious

The article starts off by saying that one of the most frequently repeated "imbecilities" in the world to-day is that, in 30 or so years' time, there will be twice as many people living on the earth.

It then proceeds to argue that: "Although it may be theoretically possible at some time in the future to support 8bn. people temporarily, even the most casual examination of ecological constraints under which mankind must operate and of the lamentable failure of human political and social systems to produce an equitable and efficacious distribution of the world's limited resources make it clear that the probability of supporting 8bn. people by 2010 is vanishingly small."

Developing the "ecological constraints" part of its argument, the article contends that mankind is utterly dependent upon the smooth functioning of immense and complex ecological systems. And it goes on to claim that the collapse of earlier civilisations was basically attributable to their failure to come to grips with this fact of life when pursuing their development. The same mistake, it contends, would be destined to have far more serious consequences to-day.

Other equally feasible explanations for the non-survival of earlier civilisations can, of course, be adduced—for example, that the greediness of their ruling classes resulted in monetary abuses that hopelessly undermined their economic structures. But, returning to our own times, the Ehrlich-Holdren presentation is convincing enough when it turns to what it describes as "one of the best measures of the assault that humanity is making against the all-important natural systems that support it"—the growth of energy consumption.

It does look very much as though, unless we can miraculously develop a source of cheap abundant power that is nearly "pollution free" (for example, solar or a much improved nuclear technology), the ecological consequences of trying to cope with a doubling of the population could be devastating. And, as the article puts it, "those who believe that science will pull such a technological rabbit out of the hat at the last minute simply suffer from an inability to learn."

Pointing out that, in practice, technological rabbits tend to create more problems than they solve, the article concedes that, while it might be possible in theory to design a world which could acommodate 8bn. people by 2010 without precipitating a fatal collapse of its ecosystem, the theory would have to disregard "the realities of human behaviour." And there it is obviously on firm ground.

On thin ice

For who can seriously believe that a civilisation that cannot even be bothered to organise an adequate living standard for half its present people possesses the will and ability to give an adequate response to the enormous challenge.

Let no one imagine, however, that acceptance of the proposition that excessive population growth will provide its own cure through the "ecological repercussions" route enables us all to relax. That cure would come from a collapse of the life support systems which could take several horrific forms—the loss of ocean fisheries and the resulting elimination of a key source of protein, weather changes to which agricultural systems could not respond, the destruction of the "ozone shield."

One does not have to go all the way with the Ehrlich-Holdren theme to realise that our civilisation is skating on very thin ice.

RACING — BY DOMINIC WIGAN

Wollow looks a winner

WITH THE firm ground in his favour, the Italian-owned, English-trained and Sardinian-ridden *Wollow* is likely to prove too fast for the French pair, Manado and Vitiges, in to-day's 2,000 Guineas (3.05) at Newmarket.

Wollow, who put the seal on his unbeaten two-year-old career when running out a clear winner in the Dewhurst Stakes, in which he forged clear of Malinowski in the final furlong to win by 1½ lengths, could not have been more impressive on his reappearance in the Greenham Stakes 18 days ago.

In that seven-furlong Newbury trial, Wollow stormed through inside the final furlong to win, after having none too clear a run early on.

With only 17 in the line-up here, a good draw and the wide expanse of the Rowley Mile course to manoeuvre on, Gianfranco Dettori should have little difficulty in finding a clear passage for Mr. Carlo d'Allessio's Henry Cecil-trained colt. In a race where the remainder of the English runners, with the possible exception of Relkino, are likely to be out of their depth, I take Wollow to outpace France's leading two-year-old of last year, Manado, who would have preferred more give in the ground.

NEWMARKET
2.00—Fulbeck
2.30—Give Me Time
3.05—Wollow**
3.40—Traquair*
4.10—Polly Peachum***
4.40—Sea Venture
5.10—Rising Falcon

A second possible winner for Dettori is Luca Cumani's ex-Italian sprinter, Three Legs, in the Palace House Stakes (4.10). I prefer last year's Gimcrack winner, Music Boy, and *Polly Peachum*. The last-named, who was approaching her best form when she finished third to Roman Warrior at Thirsk on Saturday, is the selection.

Among the Newmarket crowd, which may be one of the largest in many years, will be a party of Playboy "bunnies" promoting the Playboy Bookmakers Handicap (3.40). In this 10-runner handicap, backers may do best with the Duchess of Norfolk's handsome Klairon seven-year-old *Traquair*. He is reported to have come on a good deal as a result of his run in Kempton's Rosebery Handicap. Playboy Bookmakers offer Traquair at 4-1.

SALEROOM — BY ANTONY THORNCROFT

Ten records at Amsterdam

AT SOTHEBY Mak van Waay in Amsterdam the sale began on Monday night of the famous collection of Dutch and Flemish paintings formed by the late Mr. van den Heuvel. It proved an extraordinary success, all the 104 paintings selling for a total of £1,689,286, well above expectations.

In all, there were ten new auction records for particular artists. The top price, and a world record, was the £134,694 (to which should be added a 16 per cent. buyer's premium), paid by an English buyer for *The Interior of an Inn* painted in 1654 by Adriaen Jansz. van Ostade. The price was around five times the forecast. The previous best for this artist was £27,300 in London two years ago.

Other exceptional prices were the £97,959 (double estimate) for Salomon van Ruysdael's *Winter Landscape* of 1661; the £73,469 for a *River Landscape* by the same artist; £69,388, another auction record, for Roelant Saveru's *Peasant Wedding* of 1615; £64,490, another world best, from the Swiss dealer Koetser, for Jan Jansz. van der Hayden's *View in a Dutch Town*; and £63,265 for Jacob van Ruisdael's *Winding Road Leading into a Wood*.

Detail from The Interior of an Inn, which sold for £134,694.

In London, Sotheby's had another success with an auction of 19th century and modern prints, which totalled £199,737. The most impressive bid was the £29,000 (plus 10 per cent. buyer's premium) by the American collector Strauss for Edvard Munch's 1898 woodcut *Frauen Am Meeresufer*. Another high price was the £11,700 for Paul Klee's *Jungfrau Im Baum*.

Another Munch, *Geigen Konzert*, went for £9,000; a Chagall *Daphnis and Chloe* for £8,500; and Klee *Stachel der Clown* for £8,000. In contrast a Picasso lithograph, sent for sale by the executors of the late Margaret Leighton, only managed £100 as against the £800-£1,000 forecast.

There were some disappointments in the Sotheby's English porcelain auction, but a rare blue and white bowl and cover, made around 1750, probably by Lund's at Bristol, with a waterscape by the *Three Dot* painter, more than trebled its forecast at £1,300.

Elsewhere, on a very busy day, Christie's sold English drawings and watercolours for £27,050, with a Rossetti drawing *Transfigured Workhouse Boy* fetching £1,700, and an Archibald watercolour *Through the Snowy Covert*, making the same price.

In an antiquities sale an Egyptian black Steatite pair of statues of an official and his wife sold for £6,000 (three times forecast), and an Attic black figure Hydria more than doubled its estimate at £4,200. The auction totalled £62,638.

Another interesting Christie's sale featured tribal art. It brought in £32,172, and a Kongo wood seated male figure from West Africa did very well to sell for £3,800. A Benin bronze hip mask of the 18th century realised £2,900.

GARDENS TO-DAY — BY ROBIN LANE

Choosing jobs for the dry weather

THE LADYBIRDS like it, but the drought which has settled on the garden since last June is going to catch up with us before long. "Nonsense" said the last non-gardener to whom I suggested a rain-dance after lunch, "everything is growing, the leaves are green, the grass is greener and if only you grew more wallflowers you would see that plants can thrive without too much rain."

One has heard the same standard of argument about the economy, and disbelieved it. Nothing seriously wrong, some signs of growth, surprising fringe benefits (for ladybirds, read foreign visitors), more effective use of resources, and we really cannot think why the leaves keep falling daily off our old evergreens every time there is a warm afternoon. Living in the garden, we know that in fact, spring warmth is nothing serious. But we enter on the summer desperately short of the water which carries us through its low average. Below the surface, there is not very much to support production. I would rather not think of the consequences of a dry May and June.

Weedkillers

Putting my head back into this year's invitingly warm sand, I would prefer to dwell on the dry weather's opportunities. Weeding is the most obvious. I think the same thought every year, but I do believe that this time I have beaten the groundsel, chickweed, annual grass and so forth, which usually come back at me by mid-June. First, hoe through all flower beds and pull up anything you do not want. When you have cleaned up last year's legacy, anticipate this year's by one of the convenient recent weedkillers. These come in a puffer-pack and really can be used against a future crop of annual weeds among any flowers and vegetables.

At least I think they can, from last year's experience and an imaginative interpretation of one of the silliest directions for use on a popular weedkiller's packet. Murphy's Ramrod worked very well for me last year against annual weeds, though it is not particularly cheap, a 50p packet treating a mere 10 square yards of flowerbed; a second attack in June is necessary. I used it wherever I remembered to put it, among shrubs, a bed of young herbaceous plants, edgings of annuals once they had been planted out, and also among vegetables not least broad beans and sweet corn. Nothing died in the family or the flower garden.

Ramrod describes itself as a "residual herbicide for the control of annual weeds in shrubs, flowers and vegetables (see complete list of crops below)." The "complete list" runs as follows: "Ramrod can be used with complete safety on beds containing flowers and vegetables, including roses," etc., etc. No shrub is mentioned and there is no express mention of beans, carrots and so forth as particularly suitable subjects; is this a "complete list of crops" or not? I mention this not to belittle a chemical which seems to me quite useful but as an example of the enraging slipperiness of which we are urged to follow closely. Is Ramrod only proven among the crops which are actually named, or is it safe on everything, as the notes imply? It would be far more useful to state the known exceptions than to mention a group of known successes. If the exceptions have not yet been discovered, then these and other similarly worded warnings are premature.

Ramrod does not kill established annual weeds, but it stops new seeds from germinating. Maybe you do not mind annual weeds, but I find the speedwell and the chickweed a persistent call on my time. There is one drawback, as you will no doubt have expected. Speedwell and the like have a habit of seeding themselves in and adjacent to the woody rootstocks of shrubs and herbaceous plants. I hesitate to scatter Ramrod actually on top of the crowns of these plants so I am left with small skirts of weed round certain border plants. But it only shows up at the end of the year when their top growth is cut down.

Two other tips for dry weather, before I move on to a suitable job. If you plant alpines from pots or trees or shrubs from their containers of black polythene, try to fill the hole which you dig for them with water and allow it to soak away before you plant them. On a heavy clay soil, I know, this is desperate advice: one can wait for days before the water drains. But elsewhere, this first watering saves hours of anxiety with the hose and watering can, applied inefficiently from above or furtively during a water-ban. Plants in pots or wrapped in these containers can still be planted happily, of course. The prudent gardener, the man who is deeply in harmony with nature, will also resort to my second ad[vice]...

This year of all year[s] ...ber the value of mul[ching] top-dressing. Spread [a] layer of rotting co[mpost or] lawn-mowings round ... run of your new or ... trees and you will both ... weeds without buyin[g] ... and also keep in ... soil's moisture. It is ... possible job, and altho[ugh] ... it every year I a[m] amazed how many ... complain at the size an[d] ... of their garden wit[hout] having tried the p... mulching.

Sleepers

Lastly, my own jo[b] ... weather. Changing th[e] ... my garden, I have ... build new steps to tak[e] ... one flat expanse of la[wn] ... next. Now if there ... pensive item in a gar[den] ... set of steps. Besides ... lose one's sense of ... easily and be forced ... pulsive concrete cra[zy paving] ... some cut-price colour ... which is quite out o[f] ... with the green of law[n] ... over estimates and th... tives, I was directed t[o] ... of wooden slats, long ... elegant. If slate, wh[y] ... way sleepers?

At first sight, be... builder's merchant st... they refer to them as ... worth tens of pound[s] ... F.T. readers will ... encouragement to cu[t out the] middle man and tu[rn] ... somnolent giants be... enterprise. The new ... rail-fare prices make ... by train not "part of t..." but a reasonable com... present, unless you ... join a railway union. ... for their enormity m... generous neglect of th... other fringe assets T... sleepers at most ... stations stand high ... Eight feet long, five in[ches] ... ten inches wide, this ... timber costs £1.60 a pi[ece] ... a builder blames his ... for propping up you[r] ... or replacing a rott[ing] ... beam on the high ... materials not his la... will know where to ... Running up and down ... to lawn by courtesy o[f] ... land Region, I will ... the placing and planti[ng] ... at a later date, when ... covered from the ... offered by our n... services.

TV/Radio

† Indicates programme in black and white.

BBC 1

7.05 a.m. Open University (UHF only). 9.38 For Schools, Colleges. 10.45 You and Me. 11.00 For Schools, Colleges. 12.45 p.m. News. 1.00 Pebble Mill including Family Advice. 1.45 Mary, Mungo and Midge. 2.01 For Schools, Colleges. 3.20 Day and Night. 3.58 Regional News (except London). 4.00 Play School. 4.25 Astronut. 4.30 Jackanory. 4.45 Country Search. 5.05 John Craven's Newsround. 5.10 Seven Little Australians. 5.40 Magic Roundabout.
5.45 News.
6.00 Nationwide.
6.45 The Wednesday Film: "Mr. Ten Per Cent." starring Charlie Drake.
8.10 Survivors.
9.00 Party Political Broadcast on behalf of the Liberal Party.
9.10 News.
9.35 John Macnab, part 3.
10.25 Sportsnight.
11.10 To-night.
11.45 Weather/Regional News.

All regions as BBC 1 except at the following times:

Wales—5.10-5.30 p.m. Tuktu. 5.30-5.40 The Wombles. 6.00-6.45 Wales To-day. 6.45-7.10 Heddiw. 7.10-7.40 Pobol Y Cwm. 7.40-8.10 The Burke Special. 11.45 News and Weather for Wales.

Scotland—6.00-6.45 p.m. Reporting Scotland. 9.00-9.10 Party Political Broadcast on behalf of the Scottish Liberal Party. 10.25-11.10 Sportscene. 11.45 News Summary and Weather for Scotland.

Northern Ireland — 10.23-10.43 a.m. For Schools: Ulster In Focus. 3.58-4.00 p.m. Northern Ireland News. 6.00-6.45 Scene Around Six. 11.10-11.40 Spotlight on what matters to people in Northern Ireland. 11.40 News and Weather for Northern Ireland.

England—6.00-6.45 p.m. Look North (from Leeds, Manchester, Newcastle); Midlands To-day (from Birmingham); Look East (from Norwich); Points West (from Bristol); South To-day (from Southampton); Spotlight South West (from Plymouth).

BBC 2

6.40 a.m. Open University (UHF only).
10.35 Nai Zindagi Naya Jeevan.
11.00 Play School.
5.00 p.m. Open University.
7.05 I See What You Mean.
7.29 Weather.
7.30 Newsday.
8.00 Gardeners' World.
8.30 The Traditional World of Islam.
9.00 Party Political Broadcast on behalf of the Liberal Party.
9.10 The Country Game.
9.35 "Spice Island, Farewell!" by Terence Wheeler.
10.35 Rutland Week-end Television.
11.05 Newsnight.
11.20 Closedown: Richard Bebb reads "Wish You Were Here," by Vernon Scannell.

LONDON

9.30 a.m. Schools Programmes. 12.00 Here Comes Mumfie. 12.10 p.m. Mister Trimble. 12.30 Three Little Words. 1.00 First Report. 1.20 Lunchtime To-day. 1.30 Couples. 2.00 Good Afternoon. 2.25 Racing from Newmarket. 3.55 General Hospital. 4.25 Runaround. 4.50 Westway. 5.20 The Flintstones.
5.50 News from ITN.
6.00 To-day.
6.35 Crossroads.
7.00 This Is Your Life.
7.30 Coronation Street.
8.00 Hughie's Full House.
9.00 Party Political Broadcast on behalf of the Liberal Party.
9.10 Luke's Kingdom.
10.10 News.
10.40 The Wednesday Special.
11.40 Wrestling.
12.10 a.m. What the Papers Say.
12.25 All In A Day.

All ITV regions as London except at the following times:

ANGLIA

1.25 p.m. Anglia News. 2.00 Houseparty. 5.20 Whipsnade Story. 6.00 About Anglia. 12.10 a.m. Men Who Matter.

ATV MIDLANDS

1.20 p.m. ATV Newsdesk. 5.20 ATV Today Part 1 including Junior Police Five. 6.00 ATV Today Part II

BORDER

†1.20 p.m. Border News. 5.20 Partridge Family. 6.00 Border News and Lookaround. †12.10 a.m. Border News Summary.

CHANNEL

1.20 p.m. Channel Lunchtime News and What's On Where. 5.20 The Partridge Family. 6.00 Channel News. 6.10 Today in the Guernsey States. 6.15 The Amazing Chan and the Chan Clan. 9.00 Vision USA. 12.10 a.m. News and Weather in French followed by Epilogue.

GRAMPIAN

1.20 p.m. Grampian News Headlines. 5.20 Return to the Planet of the Apes. 5.45 Police Newsroom. 6.00 Grampian Today. 12.05 a.m. Evening Prayers.

GRANADA

1.20 p.m. This Is Your Right. 5.15 Take Kerr. 5.20 Crossroads. 6.00 Granada Reports. 6.30 University Challenge. 11.40 What The Papers Say. 12.00 Wrestling.

HTV

12.30 p.m. Galloping Gourmet. 1.20 Report West Headlines. 1.25 Report Wales Headlines. 2.00 Houseparty. 4.50 The Ghost of Motley Hall. 5.25 Crossroads. 6.01 Report West. 6.15 Report Wales. 6.30 Three Little Words.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion y Dydd. 4.25-4.50 Rhifeddodau. 6.01-6.15 Y Dydd.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

†1.25 p.m. Road and Weather Report. 2.00 Housecall. 5.20 Pipet and his Friends. 5.25 Crossroads. 6.00 Scotland Today. 6.30 University Challenge. 12.10 a.m. Late Call.

SOUTHERN

1.20 p.m. Southern News. 2.00 Houseparty. 5.20 Goo Goo Goliath. 5.25 Crossroads. 6.00 Day by Day. 12.10 a.m. Southern News Extra.

TYNE TEES

9.25 a.m. Starting Point. 1.20 p.m. Lunchtime News and Lookaround. 2.00 Women Only. 5.20 Skippy. 6.00 To-day at Six. 11.40 Epilogue.

ULSTER

1.20 p.m. Ulster News Headlines followed by Lunchtime. 4.23 Ulster News Headlines. 5.20 Fantastic Voyage. 6.00 UTV Reports.

WESTWARD

12.25 p.m. Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 5.20 The Partridge Family. 6.00 Westward Diary. 12.10 a.m. Westward Late News. 12.13 Faith for Life.

YORKSHIRE

12.30 p.m. Here Comes The Future. 1.20 Calendar News. 5.20 Calendar. 6.00 Calendar (Emley Moor and Belmont editions).

RADIO 1 — 247m

(S) Stereophonic broadcast

6.00 a.m. As Radio 2. 7.00 Noel Edmonds. 9.00 Tony Blackburn. 11.00 Rosko with The Radio 1 Roadshow from New Broadcasting House, Manchester. 12.30 p.m. Newsbeat. 12.45 Johnnie Walker. 2.02 David Hamilton (S) (also on VHF). 4.30 It's D.L.T. OK! 5.45 Newsbeat. 6.02 John Dunn (S) (joins Radio 2). 11.00 John Peel (S) (also on VHF). 12.00-12.05 a.m. As Radio 2.

RADIO 2 — 1,500m and VHF

6.00 a.m. News Summary. 6.02 Colin Berry (S) including 6.15 Pause for Thought. 7.02 Simon Bates (S) including 7.27 Racing Bulletin. 8.45 Pause for Thought. 9.02-11.30 Terry Wogan's Open House (S) including 10.30 Waggoners' Walk. 11.30 Jimmy Young (S). 1.30 p.m. Sports Desk. 1.55 Good Listening (VHF). 2.02 David Hamilton (S) as Radio 1, but including on 1,500m only (also 202m Scotland). 2.45 and 3.45 Sports Desk and Racing from Newmarket at 3.05 and 4.10. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.50 John Dunn (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 The News Huddlines starring Roy Hudd. 7.30 Sports Desk. 7.32 The Great American Railroad. 8.02 Two In Mind (S). 8.02-9.30 (1,500m only) Soccer Special. 8.30 Sing Something Simple (S). 9.02 Command Performance (S). 10.02 Sports Desk. 10.05 Words and Music: Songs of the Beatles (S). 11.02 Jean Challis with The Late Show (1,500m only, also 202m Scotland, VHF joins Radio 1). 12.00-12.05 a.m. News.

RADIO 3 — 464m, Stereo & VHF

‡Medium Wave only

7.00 a.m. News. 7.05 Your Midweek Choice part 1 (S). 8.00 News. 8.05 Your Midweek Choice part 2 (S). 9.00 News. 9.05 This Week's Composer: Sibelius (S). 10.05 Organ Music (S). 10.45 Now and Then part 1 (S). 11.30 The Voice of Schoenberg (lecture). 11.45 Now and Then, part 2. 12.20 p.m. Wilhelm Furtwangler concert: Wagner, Schubert. 1.00 News. 1.05 Concert Hall (S). 2.00 Royal Repertoire (S). 3.30 Concert Club part 1 (S). 4.10 Words. 4.15 Concert part 2 (S). 5.00 Choral Evensong. ‡5.45 Homeward Bound. ‡6.05 News. ‡6.10 Homeward Bound (continued). ‡6.30 Lifelines: Language and Communication. 7.30 Mankind's Music. 8.00 BBC Northern Symphony Orchestra part 1: Beethoven (S). 8.55 The Arts Worldwide. 9.15 Concert part 2: Tchaikovsky (S). 10.05 The Two Kiplings. 10.40 Igor Kipnis harpsichord recital (S). 10.50 Elly Ameling song recital: Ravel, Wolf (S). 11.25-11.30 News.

Radio 3 VHF only—6.00-7.00 a.m. and 5.45-7.30 p.m. Open University.

RADIO 4 — 434m, 330m, 285m and VHF

6.20 a.m. News. 6.22 Farming Today. 6.40 Prayer for the Day. 6.45 Today including 6.55 Today's Listening. 7.00 News and more of Today including 7.25 VHF Regional News. †7.28 Weather. 7.30 News Headlines and Today's Papers. 7.45 Thought for the Day. 7.55 Today's Listening. 8.00 News and more of Today including 8.25 VHF Regional News. †8.28 Weather. 8.30 News Headlines and Today's Papers. 8.45 Yesterday in Parliament. 9.00 News. 9.05 The Living World († from 9.25). 19.35 Finger on the Pulse. †10.00 News. †10.05 In Britain Now. 10.30 Daily Service. †10.45 Morning Story. †11.00 News. †11.05 Round Britain Quiz. †11.30 Thirty-Minute Theatre. 12.00 News. 12.02 p.m. You And Yours. 12.27 Dream of Britain 1976. †12.55 Weather, programme news VHF (except London and SE) Regional News. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour († from 2.00) including 2.00-2.02 News. 2.45 Listen With Mother. 3.00 News. 3.05 Afternoon Theatre (S). 4.00 News. 4.05 Flanagan and Allen part 1. 4.35 Story Time. 5.00 PM Reports. †5.50 Financial Report VHF Regional News. 5.55 Weather; programme news. 6.00 News. 6.15 Twenty Questions. 6.45 The Archers. 7.00 News Desk. 7.30 It's Your Line Special. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.45 A Book at Bedtime. 11.00 The Financial World Tonight. 11.15 Today in Parliament. 11.29 News.

For Schools (VHF only) 9.25 a.m.-12.00 and 2.00-3.00 p.m.

BBC Radio London — 206m and 94.9 VHF

6.00 a.m. As Radio 2. 6.30 Richard Vaughan with Rush Hour. 9.00 Susie Barnes with London Live. 11.03 In Town. 12.03 p.m. Robbie Vincent's Call In including 12.45 London News Desk. 2.03 Paul Owens with 206 Showcase. 4.03 In the News. 4.32 Tony Fish with Home Run including 5.00 and 6.00 London News Desk. 7.00 In Town. 8.00 Quest. 8.30 Soul ?? 10.03 David Simmons' Late Night London. 12.00-12.05 a.m. As Radio 2.

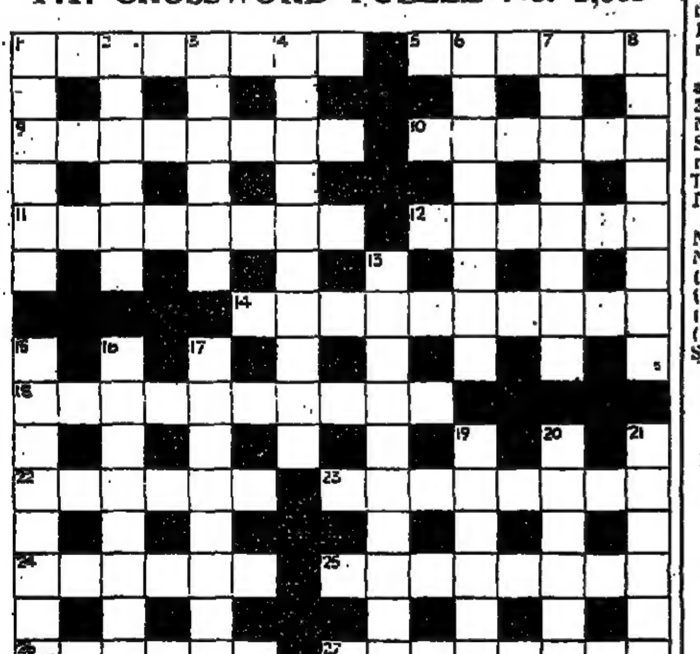
London Broadcasting — 261m and 97.3 VHF

5.00 a.m. Morning Music. 6.00 "AM"—breakfast-time show. 10.00 Brian Hayes—talking to London. 1.00 p.m. Newswatch. 5.00 Newsbreak. 7.30 Jazz in Stereo. 9.00 Nightline. 1.00-4.30 a.m. Nightwatch—news every half-hour.

Capital Radio — 194m and 95.8 VHF

6.00 a.m. Graham Dene: The Breakfast Show. 9.00 Tony Myatt. 12.00 Dave Cash: Cash on Delivery. 3.00 p.m. Roger Scott. 7.00 Jane Walmsley and Bryan Wolfe: London To-day. 7.30 Adrian Love: Open Line. 9.00 Nicky Horne: Your Mother Wouldn't Like It. 11.00 The Late Show. 2.00 a.m. Night Flight.

F.T. CROSSWORD PUZZLE No. 3,065



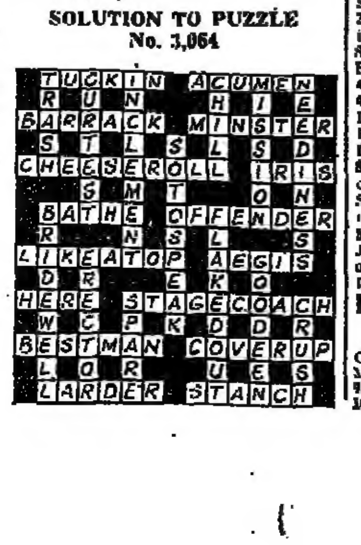
ACROSS

1 Suggested by Victoria and Schaffhausen (8)
5 Put inside like a hare (6)
9 Do four nux tea to get things going? (8)
10 Bottle for artist in a restaurant (6)
11 Spirit makes the Marines not so foolish (8)
12 Bachelors around although it falls flat (6)
14 Get near wetbob to be bullied (10)
18 Got the wind up! This will show you how much (10)
22 "Drink to me only with thine eyes, and I will —— with mine" (Jonson) (6)
23 Reckon one thousand in condition (8)
24 One of the Seven Sages (6)
25 Support a county to withdraw (4, 4)
26 "The hornèd moon with one bright star within the —— tip" (Coleridge) (6)
27 Waistcoat intended, we hear, as ceremonial robe (8)

DOWN

1 Expense of a diplomatic representative? (6)
2 Expressions of disapproval about alternative coaches (6)
3 A composer's tangles (6)
4 Sounds as if the Censor is paying for the conspiracy (4, 6)
6 The girl has things to sell unexpectedly (8)
7 Success in fruit can give you the lead (8)
8 Put up with it to look your best—a rebuke will get you down (8)
13 Bob sheds tears over the receipts of a lottery (5-5)
15 Paris nut turns out to be a Russian one (8)
16 Show compassion about Virginia—it is to the point (8)
17 Author of The Way of the World (8)
19 Discharge from the Army—it is exactly the right thing (6)
20 Dublin barrow-girl (6)
21 Be serious, and stingy with it (4, 2)

SOLUTION TO PUZZLE No. 3,064



ENTERTAINMENT GUIDE

OPERA AND BALLET

COLISEUM. (01-836 3161) LONDON FESTIVAL BALLET. Evgs. 7.30 Mat. Sats. 3. Tonight Le Baiser de la Fee, Witch Boy, Bourree Fantasque. Tomor. Fri. & Sat. Coppelia. Mon. & Tue. Dvorak Variations, Prodigal Son.

COVENT GARDEN ... [illegible]

THEATRES

HAYMARKET. 930 9832. Evenings 8.00. Matinee Wed. 2.30. Sat. 5.00 and 8.15. Edward Woodward, Geraldine McEwan, Jennie Linden, Edward Hardwicke in Frederick Lonsdale's ON APPROVAL ... [illegible]

THEATRES

ST. MARTIN'S. 836 1443. ... AGATHA CHRISTIE'S THE MOUSETRAP. World's longest-ever run ...

SHAW. Evenings 7.30 ...

[illegible]

هكذا صدر الأصل

rden

gene Onegin

MAX LOPPERT

'al of Chaikov- the Peter Hall supervised by , was generally and mostly ffect. Several e advanced for the opera house sentiments of rd to confide a space; some matic sets by Oman, contriv- glomeration of to defuse the music (the off- the St. Peters- table example); f leading roles, think, was the zimierz Kord.

lish conductor, al Opera debut e command over hat was imme- ble, with care- ays lithe string articulation of rustling wind crisp rhythmic dance rhythms. -sad, then, that al expertise was applied to the n. There was atmosphere. He in the opening the singers and allowing little an intimacy to ng, never truly iite hectic. This ate style of cting is usually han the expan- -nowhere more opera, as such of the music

Onegin were and Benjamin me, as yet un- Miss Te the role for seemed only understand it.

The voice went in and out of focus, now fresh and sensuous of texture in Miss Te Kanawa's best manner, now clouded of tone and line—and with it went the character, for whom charm, youthful beauty and an ease of stage presence are apparently only the beginning. Understandably Mr. Luxon presented a surer study, though after much mellow singing, there was needless forcing towards the end. He is so economical and exact a performer that it is almost an unkindness to suggest the real Onegin, the world-weary young aristocrat, not within his ken at all. Physical appearance, though less mature than at past revivals, has much to do with it and a communication of firm, manly well-being which is exactly what Onegin has not. His wild-eyed charge on the final scene, like a disturbed Puritan preacher, was interesting, not right.

Stuart Burrows, looking more stockbroker than Lensky, sang in clean, careful, unromantic style. The elegantly willowy Gillian Knight's Olga, was another though less remarkable miss-matching of person to part—surely Olga's ought to convey the air, if not the fact, of being small, merry and mischievous. As so often in Royal Opera revivals, the riches lay in the small parts: lovely studies of mistress (Heather Begg) and maid (Patricia Payne); a startling ramrod Zaretsky from Paul Hudson, contributing a fiercely vivid few minutes; and the noble Gremin of Gwynne Howell, touching in his single aria the feelings left otherwise unstirred the rest of the evening. English diction was clear, though no single utterance from a cast of native English speakers could boast the purity and poetry with which Ileana Cotrubas shaped the words in 1970. The lighting was at its most erratic.

Benjamin Luxon and Kiri Te Kanawa — Leonard Burt

Marilyn Hill Smith and Bruce Brewer — Leonard Burt

se

Grande Eugène

B. A. YOUNG

y of La Grande , but this isn't seen on the uit. The star Scratch, Belle Badabou—are es of dramatis e players' real e Basso, Luc hristian Niégo he programme. nce made that re girls. They tumes, but add anatomy. The ande Eugène is ven though its ly the kind that

is mime and orded music by Alain Guiu), d of playing is Salieri, creator the show, has a the company, and there are a -trained dancers the movements, en very funny, executed. divided into six lightly satirical cupations of the with the present, ease (an econo- routine by Belle iema, pop. Back 1928, where a eeperbahn leads Dietrich in The Blue Angel (Belle de May again), Lale Andersen in "Lili Marleen," Brecht and Weill's "Kanonensang." On to Paris for a look at a lost soul in a pinball saloon at 5 a.m., a splendid impression of Sarah Bernhardt in L'aiglon from Erna von Scratch and some wicked reflections on the ballet of Taglioni by Josepha Badabou.

After the interval we cover the musical comedy stage, the influence of the blacks, bracketing Josephine Baker unexpectedly with Angela Davies, and, to conclude, the new pop Jesus concern.

On this somewhat dangerous ground the company's method shows up at its best. Salieri is adept at taking the core from a topic and exhibiting it naked, naked but so decorated as to reveal its true nature. His Jesus is only Jesus Glitterball (Bruno Tonioli in a shining silver catsuit). This is not the Jesus of the church but of the Jesus freaks: yet he retains his dignity and pathos, or anyway what passes for those things nowadays. I found the conclusion, with Mary Magdalene sweeping the floor after the turmoil is done, wonderfully affecting.

The production sits in the aseptic surroundings of the Round House like a sea-anemone on a work-bench. Still, I suppose we are fortunate to have either of them.

Radio 3

chneiderhan

PAUL GRIFFITHS

repertory of the al period it is it may in some uch, to have a a professional The common nata for piano ggests that the s the important l decorated by ment. It would, exaggeration to s quite the case minor Sonatina 's E flat major . 3, the opening y's BBC lunch- by Wolfgang d Walter Klien; s are decidedly d it was ayed by uals in shment. na, an d them other orward. et, per- n tone a firm ounding parison y, even his dif- e for a the two ed. The o made derhan's severely y alive, grace. neither r, Klien ozartian ng and poise of empt to t sound e young was the e music flaccid. e per- appro- of 1797. wished mething ve. The an's few owed up control upposed at this point that the balanced serenity of Schneiderhan and Klien was not going to be sufficient to see them through the warmer passions of Brahms's A major sonata. So it was. Right from Schneiderhan's first entry, which seemed careless in its nonchalance, the reading was everywhere too circumscribed, missing much of the opulence, the occasional extravagence, the rhythmic suppleness and the deep autumn gold of this work. As a clean, pure but musical approach to the piece it probably could not have been bettered, but it was bound to seem excessively self-denying. The whole programme will be broadcast for a second time at lunchtime on Saturday next.

Television

Points of view

by CHRIS DUNKLEY

Television is usually ineffective as a medium for conveying a carefully researched body of sober fact. The people at World In Action won't like me for saying it, and others who remember my vehement disagreement with claims that "television is not the place for investigative journalism" may wonder at the seeming change of mind. Yet my mind has not changed.

The greatest successes scored by WIA have not been in the body-of-sober-fact category. They have been either exposé programmes such as the series which showed the continuing widespread use of torture in which the important element was the overall impression, or they have been "we-were-there" programmes—the meeting of Dick Taverne and his constituency party, for instance.

Programmes relying on accumulations of carefully documented facts, or interlocking sets of figures or relationships (such as the WIA programmes on the Poulson affair or the Coal Board pit prop controversy) have succeeded not because of television's effectiveness in this area but in spite of its ineffectiveness. That is why successful programmes of this sort are so unusual and so memorable.

The reason for this does not seem particularly difficult to find: any report which depends on lists of figures, or graphs, or comparisons of one set of numbers with another, is obviously going to be presented most easily on paper. In print (on paper) each member of the audience can absorb at his own speed, checking and re-checking, comparing one thing with another as often as necessary. With television that is clearly impossible.

WIA and other series have proved that the difficulties are not insuperable. Graphics and figures on screen can be made to work to an extent. But they have also shown that the most successful type of television programme is an impressionistic one. What must make life for the producers of such programmes yet more difficult is the fact that we live in a society which has created a false journalistic god out of "objectivity." All the most successful television programmes have been made by people who have managed to evade the demands of this god and have looked at their subjects from one definite vantage point.

Unfortunately only a very small numbers of reporters have ever managed to establish for themselves the right to express their points of view through their programmes. John Pilger and Jonathan Dimbleby are currently two of the leading exponents, and James Cameron is the daddy of them all.

The difficulty, of course, is that unless the reporter is extremely careful his definite point of view becomes identified with a particular political viewpoint. The reporters who avoid this trap tend to use the same technique, though to varying extents: to put it at its least charitable, they all wear their compassion on their sleeves. It is (I am happy to say) difficult to argue an unwarranted political attitude when Jonathan Dimbleby is standing in the middle of some ruined foreign city saying "Look, the people who lived in these ramshackle houses here were very poor. The people who live in those big houses up there are very rich. It is the houses of the poor that have been destroyed."

Jonathan Dimbleby has made no small contribution to the phoenix style rebirth of This Week under the control of David Elstein. At any given time in the last 10 years there has nearly always been one of the regular current affairs programmes which has been in the ascendant, and at present it is This Week.

Last week the programme was devoted to the situation in Lebanon, with Dimbleby making the point that this was a war of Left against Right, and the haves against the have-nots, as much as a religious conflict. The programme was at its best when Dimbleby was doing straightforward interviews (with the ladies' hairdresser, fighting for the right, the Christians, the haves, for instance) and at its least effective when we were invited to look at a map and listen to the voice-over trying desperately to convey some notion of Middle East political geography. For television, one heavily armed ladies' hairdresser is worth a whole atlas of maps.

Eva Kolouchova's story of the oil bribes for World In Action a fortnight ago ran into those same familiar difficulties. Though it was undeniably a superb and seminal piece of journalism it happened to lack any positive visual element. We ended up following reporter Godfrey Hodgson around as he reconstructed the investigations undertaken to put the story together.

The most important fact about the programme, though, was that despite all the difficulties it was nonetheless powerful and compelling because it was made and presented with one quite specific intention: to convey the account of the bribes. Every bit of the programme was directed to that end.

Reading the billing for BBC2's Shell The Giant, on the other hand, it sounded as though we were to be offered a traditional, supposedly "objective," general documentary made from no particular point of view and, what was worse, inevitably overtaken and made to look rather silly by WIA. In the event producer Jack Saltman and reporter Brian Wildlake did astonishingly well in their response to the bribes story, working in quite a large body of comment from Shell men on the subject. That the comment was almost entirely anodyne was not really their fault.

Much more surprising was that the programme had clearly not, in any case, been intended as the traditional starry-eyed peek at the wonders and mysteries of heavy industry. Certainly there were shots of oil rigs and film of men in hard hats endlessly whipping chains round endless drills. But in addition there was a very hard-nosed section about Shell's peculiar (to say the least of it) claims concerning the Anglesey buoy, and another about Shell's presence in Curaçao which not only threw doubt on the notion that the company is a great benefactor for the people of any area it enters, but went so far as to make a subsidised sports and social club sound positively sinister which seemed somewhat odd.

The trouble was that the programme lacked a single definite point of view, or even a definite sense of direction. Here and there it showed signs that somebody (Saltman? Widlake? editor Michael Townson?) has grasped the idea of the "social audit" and was hesitantly attempting to apply this to Shell worldwide in one hour flat. How much better it would have been to have taken this as the actual object, to have declared it unequivocally both in the making and on the screen at the start of transmission and then to have shown the result—also declaring the company's co-operation or lack of it, whichever the case might have been.

With WIA an honourable and consistent exception, there are altogether too few factual declarations on television: of method, of intent, of opinion. If producer Roger Mills and director Mark Anderson had declared plainly at the start of their Inside Story programme on BBC2 about "The Cupboard Of Crug-y-Bar" that a good deal of "staging" had been necessary, I doubt if many viewers would have minded.

David Attenborough's 150th birthday "portrait" of The Zoo, produced for BBC2 by Anthony de Lotbiniere, was a delightful programme, full of surprises even for someone pretty familiar with the place (and with one superb Charles Adams-ish scene of a lunch trolley stacked with delicious looking salads—two of them garnished with dead white mice). Yet it, too, would have been even better if only Attenborough had declared his own feelings and beliefs about zoos at the very start of the programme instead of the very end.

No one is better entitled to an opinion on the subject, and none of us would be forced to agree—or disagree—with him. Unopinionated programmes can be nearly as boring as unopinionated people, though admittedly this one wasn't.

On the next night Anglia's Survival special, "Bones of Contention," on Richard Leakey's African fossil finds was yet another documentary which could have done with the opinions of the expert it featured. The question of whether nature or nurture made modern man a warrior is the most fascinating part of the African genesis story, and Leakey is known to believe strongly that it was co-operation that set "cavemen" apart from other species, not club-wielding aggression against his brothers. Yet none of this emerged. As a classic Chronicle pattern programme it was interesting enough, yet it could have been so much more valuable and so much more engrossing.

Children, convicts and even peers of the realm are allowed to have opinions. It is time broadcasters acquired similar rights.

Banqueting House, Whitehall

Divertissement à Versailles

by RONALD CRICHTON

The English Bach Festival opened this year's operations on Monday evening with a gala in the Banqueting House dedicated to French Baroque music and dancing. The catch-pound title conceals a scheme full of the the blend of interest enlightenment and pleasure that only Lina Lalandi's festivals regularly provide. The main attraction was a performance of Rameau's Pygmalion in costume, produced by Michael Holmes with choreography by Belinda Quirey, a respected authority on Baroque Dance. Jane Glover, known for her editions and performances of Monteverdi and Cavalli in Oxford and elsewhere, conducted the English Bach Festival Ensemble.

Pygmalion (1748), is what we would call a one-act opera-ballet. It was a great success in Rameau's day, and has been less neglected since then than most of his operatic music. The sculptor Pygmalion, to the distress of Céphise, who loves him, is enamoured of one of his own creations. The God of Love brings the stone to life, Pygmalion finds his passion returned, there is a series of dances in celebration. The music includes brilliant, Italianate airs for Pygmalion, expressive accompanied recitatives with drooping sevenths, and a divertissement which shows Rameau's usual skill in binding short dance numbers into a sequence. Above all, and in spite of his learnedness and vast ability, there is the feeling, expressed most strong in the thumping country-dance at the end, that his music never loses touch with the native soil.

The seats in the Banqueting Room were arranged round three sides, with the players huddled together near the entrance, leaving a large rectangular space free for singers and dancers. The dancers wear soft shoes with low heels for the girls and lower for the boys (one of the pleasures of the style is the absence of the terrible fusillade of classical dancers' feet). No point-work, of course, and no elevation to speak of: smooth, elegant footwork with rounded arm movements. Anyone familiar with 18th century paintings or engravings of dancers will feel at home, but at first acquaintance there is not much variety or contrast compared to the amount Rameau contrives in his music, and little sense of progression in the divertissement. It was a pity to shy away from the intended climax by which, during the Sarabande, the statue-come-to-life is persuaded into the dance.

This reaction is no doubt due to ignorance, some of which may be dispelled when there has been time to digest Miss Quirey's admirable introduction in the programme book. The dancers were young, charming and good-looking. Now one is curious to know what the style is like with stars such as Camargo or Sallé and with the routined professionals (not invariably young, charming or good-looking) on whom most troupes ultimately rely. The costumes, after originals of the period were for the most part extremely handsome (especially those for Pygmalion and the statue), but the four blue skirts need shortening and tidying up before the show is seen again in the Elizabeth Hall (May 12) and in the Sheldonian at Oxford (May 21). The extra lighting on Monday was unhappy—the use of modern materials and chemical dyes was clear for all to see, and the walls of one of the grandest rooms in Britain were made to look positively ugly.

In the first half we had a pastorale by Lalande, L'amour fléchi par la constance (1697), recently unearthed in the Municipal Library at Lyons, possibly given at Versailles or Fontainebleau in the presence of the exiled James II. This was also danced as well as sung—a lively, pleasing piece which suggests that Lalande well deserved his high contemporary reputation. The evening began with a solo cantata by Clérambault, La muse de l'opéra, a cold work sung with cold efficiency by Anny Mory, who was equally efficient but appropriately warmer as Love in Pygmalion. Other singers who distinguished themselves were Marilyn Hill Smith in Lalande and Rameau, and Michael Goldthorpe in the former. The vocal honours, however, went to Bruce Brewer, fast becoming the leading exponent of these high tenor roles, for the assured way he handled the bravura airs of the title-role in Pygmalion. Four good young singers did effective duty for chorus.

Judging from a position almost literally at her feet, Jane Glover, one eye on her players and the other on the singers (for the dancers she would have needed two more in the back of her head) was reasonably successful in keeping things together. Unlike some specialist conductors of Baroque music she allows her players to relax. Nothing will ever make the Banqueting Room ideal for music, but the sound was nicer and on the whole clearer than for Les Indes galantes a few festivals ago. A rewarding evening, not least for the light thrown on the feasibility of doing Baroque opera (and here the term is stretched to include Idomeneo) with Baroque ballet. You might think our opera companies would send spies to have a look. Perhaps they were hiding behind the columns.

Burton to play in 'The Heretic: Exorcist II'

Richard Burton returns to the cinema to star in The Heretic: Exorcist II, to be directed by John Boorman and co-produced by John Boorman and Richard Lederer

Albert Hall

The Bach Choir

by GILLIAN WIDDICOMBE

Congratulations to The Bach Choir, which on Monday celebrated its hundredth birthday with a performance of the B minor Mass at the Albert Hall. The choir's achievement has been twofold. Firstly, it introduced Bach's works to Victorian musical life; and subsequently, through thick and thin, has continued to keep them here. Since the tide turned, and we started to declare that sixty voices are more suitable than three or even six hundred, The Bach Choir has maintained a somewhat debatable raison d'être. So long as Bach's two passions and more particularly the Mass in B minor are regarded as works of mighty spiritual content and epic musical proportion, there will probably be a place for large-scale performances; likewise, a large picture needs a large room.

In the context of the Lutheran church music of Bach's time, of course it's all wrong. In practical terms, however, it sometimes comes off, and occasionally goes wrong. The St. Matthew Passion, which as usual The Bach Choir sang on Passion and Palm Sundays, in the Festival Hall, was particularly successful this year. But Monday's B minor Mass was disappointing; a compromise that fluffed close examination. The Mass, with its supremely dexterous choral counterpoint, is a much harder sing.

David Willcocks had tried to remedy the inevitable clumsiness of line and texture (a task not unlike teaching an enormous caterpillar to dance the can-can, I imagine) by strict rhythmic attention. But the result, particularly in movements of such busy rhythmic weaving as the Kyrie, was a relentless, heroic bounce. It's certainly difficult for a large group of basses to stretch "Eleison" over a dozen quavers, and make a light, clear sound; perversely, I thought that a little less detaché might lessen the machine-like chortling.

However, in sections such as the Crucifixus and Confiteor, Willcocks coaxed smooth, mellifluous singing, and an attractive, gently veiled tone; these proved the most rewarding part of the evening. For the most part, each tempo was sensibly geared to weight and articulation. The one exception was a turgid plod for the Sanctus, where Willcocks obviously sought grandeur and dignity, but produced an impression of thick, rigid ponder.

Several of the arias were beautifully done, by a familiar team—Heather Harper, Janet Baker, Robert Tear and John Shirley-Quirk. But some of the obbligato playing was wretched, with cackling oboi and bumpy horn. Flute and violin solos were exemplary. This season's orchestra is a hotch-potch, it seems.

WORLD TRADE NEWS

RCA builds Polish TV tubes plant

By Lorne Barling

A FACTORY with the capacity to manufacture 300,000 colour television tubes a year is to be built in Poland under a £40m. agreement with RCA, the two parties announced yesterday.

RCA has won the long-term contract against strong competition from Japan, whose interest in Eastern Europe was well known, largely on its ability to provide more advanced technology in the package.

The new plant, which will be expandable to 600,000 tubes a year, is expected to start production in the first half of 1979, with initial output aimed at satisfying the Polish market. It is understood that some later production will be exported.

Mr. Anthony Conrad, president and chief executive of RCA, said the plant would rival the most modern in the world and expressed confidence in Poland's existing electronics industry. The plant, which is to be built by UNITRA Foreign Trade Enterprise with technical assistance from RCA, will manufacture 21-inch 110 degree in-line tubes.

RCA will also provide technology, manufacturing know-how and special technical services, and grant non-exclusive and non-restrictive licences under its patents. It was not expected that production would act against RCA's European interests, although Poland would conduct its own pricing policy.

Significantly, the contract also contains a provision that RCA shall also provide some assistance to UNITRA in colour TV receiver manufacturing.

The contract is expected to become effective during the second quarter of this year, subject to satisfactory arrangements for financing through the Export-Import Bank of the U.S. RCA said it hoped the venture would mark the beginning of a productive relationship in the years ahead.

Sweden lifts price of U.K. newsprint

THE PRICE of Swedish newsprint exports to the U.K. are to go up by 8.5 per cent. per ton, a spokesman for SCA one of the four main producers of newsprint confirmed to-day. The increase will come into effect as from May 1 and will add about £15 per ton to to-day's price of £173 per ton, John Walker reports from Stockholm.

The main cause for the increase is stated to be the decrease in the value of the pound, plus the rising costs of production in the Swedish mills.

U.S. seeks European financing for $8bn. Siberian gas project

BY DAVID BELL

WASHINGTON, April 27.

THREE MAJOR U.S. companies are now actively considering a way to revive a $8bn. project to extract natural gas in Siberia, build a pipeline across the west of the region and import it to the U.S. The venture was all but abandoned two years ago following Congressional opposition.

Under the new scheme British, French and German export credit organisations and private banks would advance most of the money that the Soviet Union needs to finance the project. This money would be used to buy a French liquefied natural gas (LNG) plant, German pipes and British ancillary equipment. The British export credit would amount to some £770m. ($1.4bn.).

The three companies—Tenneco, Brown and Root and Texas Eastern—would run the project and guarantee that the U.S. would purchase some 1.5m. cubic feet of liquefied gas a day with France taking a further 500m. Special tankers would have to be built for the gas and if the venture gets off the ground it will be one of the largest East-West trade ventures ever undertaken.

Two years ago Congress successfully prevented the U.S. Export/Import Bank from advancing anything like enough credit to the Soviet Union to finance the project and there are still restrictions on U.S. lending to finance Soviet energy projects.

In the current climate in Washington there is little prospect that Congress or the administration would look favourably on the Siberian venture and it is this which has prompted the U.S. companies to look to Europe for finance. A Tenneco spokesman said to-day that his company does not expect much difficulty in getting permission from the Federal Power Commission to import the gas.

The North Star project—as it is known—calls for gas from the Tyumen area in Western Siberia to be piped to a point near Murmansk where it would be loaded for shipment to U.S. and France. The venture would mean a tremendous amount of work for the European companies involved in it for the fleet of special ships alone will cost many millions of dollars.

Mr. Jack Rea, a vice president of Tenneco, said to-day that the Russians are still very interested in the project, not least because only U.S. companies have the technology to extract the gas. But they remain concerned that the Administration will try to veto the scheme at a late stage because of fears that the U.S. might become too dependent on Soviet energy supplies. The companies have been arguing that the Soviet Union is at least as reliable a source of supply as some countries in the Middle East of North Africa.

Margaret Hughes adds: Britain's Export Credits Guarantee Department confirmed that it had received an initial approach from the U.K. subsidiary of Brown and Root—any credit guarantees provided by the department would cover the cost of U.K. equipment supplied for the Siberian project. ECGD said that its guarantees are available for this type of project but that no positive steps could be taken in this particular case until it had received a firm request from the parties involved.

The Soviet Union was granted a special £950m. cheap credit package by Britain a year ago, only £25m. of which has so far been utilised by the Soviets. Whether or not the Siberian project could be financed through this agreement depends on how much more has been taken up by the Soviets in the meantime. If a new credit deal becomes necessary then separate terms will be negotiated. These are likely to be less generous than the very cheap terms offered in the special £950m. credit package.

If the ECGD does eventually provide export credit guarantees worth £770m. this would be far in excess of any other project financing it had guaranteed. The ECGD signed its largest guarantee earlier this year for £150m. to cover U.K. supplies for a PVC project in Poland.

The West German share of the export financing is reported to be about £1bn. and that of France around £880m.

Nissan and Toyota in race to start production in U.S.

BY CHARLES SMITH, FAR EAST EDITOR

TOKYO, April 27.

NISSAN MOTOR, Japan's number two car manufacturer but leading exporter, says it "hopes" it is ahead of Toyota, the industry leader, in plans to establish a car plant in the U.S.

The remark was made to-day by Nissan following publicity given to statements by Mr. Seiisi Kato, president of Toyota Motor Sales Corporation, about the eventual desirability of manufacturing in the U.S. Mr. Kato based his statement on a comparison of Japanese and U.S. wage rates which he said might be equal by the early 1980s. (At the moment the Japanese average monthly rate of $800 is about half the American rate.)

Nissan, however, says that it would be acquiring a manufacturing presence in America for "political" as well as economic reasons. Nissan was the biggest exporter of foreign cars to the U.S. last year, leading both Toyota and the one-time top exporter, Volkswagen. The company feels that it would be advisable under these circumstances for it to become "part of the American scene." It also attaches some credence to the view that the first Japanese car manufacturer to set up an American plant will be welcome but the second arrival could be less so.

On the state of its actual plans Nissan declines to be specific but says that it is pursuing the idea of establishing a U.S. plant with "renewed vigour." Inspection of possible sites has begun, and some feasibility studies have been made.

Neither Nissan nor Toyota have the economic incentive to start assembly or manufacture in the U.S. that applies in the case of Volkswagen. The West German company's decision to go ahead with manufacturing plans was provoked, according to Japanese sources, by the upward movement of the Deutschmark which forced up Volkswagen's U.S. prices and tended to make its cars uncompetitive with other imported models. The Japanese yen has been extremely stable against the dollar during the past year and production costs in Japan are still very much lower than in America. Nissan and Toyota have just awarded their workers pay increases of 9½ per cent. for the coming year, an award which does not seem likely to lead to a rapid closing of the wage gap between the U.S. and Japanese industries.

Nissan and Toyota both already have very small assembly facilities in America but neither company seems to consider these amount to a genuine "presence" in the American industry.

The U.S. is the top export market for the Japanese motor industry which in turn is one of the country's four main export earners.

UPI adds from Atlanta: Governor George Busbee has expressed interest in having a Toyota car plant in Georgia if the Japanese company decides to build a facility in the U.S.

"We feel we have the best relations with the Japanese of all the states in the country," he said.

Saudi decision near

RIYADH, April 27.

The equivalent of $30bn. in capital expenditures is proposed for two new industrial complexes being planned by Saudi Arabia, Mr. Farouk M. Akhdar, director general of the Royal Commission created to organise and build them, said. The complexes will be at Jubail, on the Gulf north of the port of Dammam, and at Yanbu, north of Jidda on the Red Sea.

Mr. Akhdar said Bechtel, a U.S. construction company, is negotiating for the technical management contract covering the Jubail complex. This is the larger of the two, comprising "more than half" of the spending, Mr. Akhdar said. "We are almost certain to sign an agreement with Bechtel," he added.

In London Bechtel's U.K. office, which handles all the group's Middle East business, confirmed that negotiations had been taking place for some time, but said discussions were still far from completion.

Meanwhile three U.S. concerns are competing separately for the management of the Yanbu development, along with British, German and French concerns. The U.S. companies are Fluor, Brown and Root, a unit of Halliburton and Ralph M. Parsons.

The Saudi executive said the schedule calls for implementing the projects over an 11-year period.

AP-DJ

EEC drops anti-dumping case on Brazil hardboard

BRUSSELS, April 27.

AN OFFICIAL anti-dumping procedure by European Community authorities against Brazilian exporters of hardboard products has been closed, according to a Brazilian industry representative. The official said the problem had been solved to the satisfaction of both sides.

The anti-dumping procedure had been opened several weeks ago by the EEC Commission on the basis of a formal complaint from European hardboard producers which the Commission had found substantiated.

The Commission called for consultations here yesterday between European industry representatives and Brazilian exporters, led by Sr. Laerte Setubal Filho.

A Commission official, who declined to comment on the meeting, said all exporters accused of dumping in the Community had so far come to agreement to raise export prices after threats of import taxes.

A representative for the Brazilian exporters merely said that: "Everything was solved to the satisfaction of both parties. There is no dumping."

The Commission official added that an agreement between interested parties automatically closes an anti-dumping case.

AP-DJ

Brazil steel financing

BY HUGH O'SHAUGHNESSY

PLANS for a British-led group of Western European banks and engineering concerns to build a $1.8bn. integrated steelworks in Brazil may take a step forward next week during the state visit of General Ernesto Geisel, the Brazilian president, to London. The Acominas steelworks to be built in the state of Minas Gerais is scheduled to go into production in 1979 and produce 2m. tonnes of steel a year, much of it for the large Fiat plant being constructed outside the state capital Belo.

As already announced, Morgan Grenfell is closely associated with the financing of the scheme while Davy United is expected to be the principal supplier of equipment in collaboration with other European suppliers.

Roughly one-third of the overall cost of the project would go on the import of machinery. This, together with some of the local costs and fees payable to foreign consultants, would be financed by a credit from European banks.

Industry sources in London however emphasise that much hard negotiation remains to be done on the deal and no statement made next week would be more than the merest expression of intent.

AMERICAN NEWS

Fed may have started to tighten supply of credits

BY STEWART FLEMING

HOT SPRINGS, VIRGINIA, April 27.

THERE IS now a growing belief in the U.S. that short term interest rates have bottomed and that the Federal Reserve Board has begun to tighten, if only a little, the supply of credits.

The first suspicion that a stricter Fed policy was on the way began to emerge last week following the publication of the latest money supply figures which showed that the rate of growth of money supply, measured by M1 and M2, had continued at a slightly faster rate than the published targets which the Fed recently announced. What is now thought to be further evidence of trimming of Fed policy in money market trading occurred on Monday when the Central Bank allowed what is known as "Fed Funds," that is inter-bank reserve funds, to trade at 4¾ per cent. Until last week the Fed had moved quickly to inject new funds into the banking network to hold the Fed Funds rate at 4¾ per cent.

The Fed itself does not disclose its current money market policy, so there is often uncertainty about whether a slight change of intervention activity is merely a temporary deviation with policy remaining unchanged or whether it represents a shift of policy. There is now a growing feeling the latest Fed action does in fact reflect a shift in policy.

To some extent, suspicion of a shift of policy is based on the higher than expected rate of the growth of the money supply M1 has in the past month been growing at around 9 per cent., compared with a Fed target of between 4 per cent. and 7½ per cent., and M2 at 11 per cent. compared with an upper target of 10½ per cent. In addition, however, the rate of growth of the economy in the first quarter at 7½ per cent. has been higher than the 6 per cent. anticipated and it is thought higher than the authorities might feel to be consistent with one of their prime objectives, namely the control of inflation.

In recent months the monetary authorities have been balancing two conflicting objectives. On the one hand there has been the fear that too restrictive a monetary policy would tend to damp down an economy whose recovery, in the view of some economists, has not been firmly founded. On the other has been the recognition that once the recovery in the economy was clearly firmly based there would be a need to try to restrain too rapid a rate of growth in order to prevent inflation gathering pace.

The authorities' judgment of the performance of the economy has been particularly difficult because bank lending has been stagnant and investment in stocks and plant has been relatively depressed. This continues to be the case. However, figures published to-day show that in the first quarter the long-awaited improvement in productivity has begun to emerge—it rose to 4.8 per cent. seasonally adjusted, the highest level for three years.

This indicator gives further evidence of the strength of the economy's recovery and will reinforce the view of those who believe that industry is reaching a higher level of capacity utilisation and will need to increase its demand for stocks, new plant and therefore money.

With so many indicators giving evidence of the growing strength of the economic recovery a slight shift in Fed policy giving greater emphasis to restraining inflation and steadying too rapid a rate of growth could be expected, especially if the authorities suspect that the latest inflation figures are abnormally low.

Brazilian 'tyre cartel' sentenced

BY DAVID WHITE

RIO DE JANEIRO, April 27.

THE BRAZILIAN subsidiaries of Goodyear, Firestone and Pirelli have ben sentenced by anti-trust authorities to fines of Cruzeiros 5.33m. (£300,000) each, after charges that they had formed a cartel to monopolise the marketing of tyres in Brazil.

Lawyers for the three companies, which between them control 80 per cent. of the tyre market, said that they would appeal against the decision of the Administrative Council for Economic Defence (CADE).

The charges, brought by two distributors in Sao Paulo, involved "unfair competition" through pricing policies which favoured their own commercial networks.

The senior prosecutor of CADE, Sr. Vicente Tourinho, said that the cartel operated through a body called the National Tyre Industry Association, the president of which is a director of Pirelli.

According to the charges, the companies concede discounts of between 12 and 36 per cent. as well as special incentives to distributors linked directly or indirectly to them. The companies have now been ordered to pay legal expenses and to declare within ten days that they will stop "abusive practices." If they do not do so, they can be subject to Government intervention.

According to reports, independent tyre distributors—estimated at about 4,000—are now expected to bring civil damage suits against the three companies.

All three have manufacturing operations in Brazil. Alongside the subsidiary of B. F. Goodrich, they account for all but 2 per cent. of the market. Tyre sales in 1974 amounted to around £225m.

The tyre case is believed to be only the second for more than 10 years in which companies have been found guilty of irregular marketing practices. The last case was the so-called "bottle war" involving a distributor of Pepsi-Cola in southern Brazil, 18 months ago.

The Cartel Office is continuing to study charges brought against a group of foreign-owned heavy electrical companies, which have been accused by one of their Brazilian competitors of forming a cartel aimed at driving other manufacturers out of the market.

Last year a Congressional committee investigating the activities of foreign companies recommended a strengthening of CADE's powers. Sr Herbert Levy, a Sao Paulo banker and federal deputy, who presented the committee's findings, said in a recent conversation with foreign journalists that up to now the organisation had been "a joke—it doesn't exist."

U.S. car sales

DETROIT, April 27.

GENERAL MOTORS chairman Thomas A. Murphy said 1977 industry car sales, including imports, should top 11m. and might reach the record 11.4m. level of 1973.

Mr. Murphy also said 1976 car sales might reach the 10.8m. level. Last week he raised from 10.25m. to 10.5m. his forecast of sales for this year. He has now qualified that by saying the 10.5m. level was a minimum and sales might go another 300,000 above that.

Mr. Murphy said he does not foresee any significant downturn in the economy in 1977-78. However, he said, his forecast for improved motor sales over the next two years assumes there will be no lengthy shutdowns because of strikes and no other problems such as a Middle East war or energy crisis.

Reuter

Steel price increased

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, April 27.

WHEELING - Pittsburgh, the ninth largest American steel company, has announced price increases ranging between 7.9 and 8.7 per cent. on its flat rolled steel products. This line, used in the motor car and appliance industries, accounts for 45 per cent. of steel industry shipments.

There was no immediate reaction from any of the major steel companies. A price increase is unlikely to stick without the compliance of U.S. Steel and Bethlehem Steel, the big two.

But the recent trend in steel prices has been upwards. Two weeks ago U.S. Steel increased prices on a range of tubular products by about 6 per cent., reflecting the higher costs of labour, raw materials and energy.

Because of its inflationary implications the Administration is concerned about the rising costs of major industrial products. Although it has so far refrained from comment on U.S. Steel's action two weeks ago, the White House hinted that it might break its silence on Wheeling-Pittsburgh's move.

Steel is by no means the only industry pushing prices up. Yesterday the U.S. subsidiary of Alcan and Martin Marietta Aluminium both announced that they were joining the general increase in the price of primary aluminium ingot of 3 cents to 44 cents per pound. Martin Marietta said that this would translate into a rise of about 8 per cent. in some of its semi-finished products.

With copper also now more expensive, the latest compilation from the Bureau of Labour Statistics shows that the spot metals index currently stands 10.5 per cent. higher than it did a year ago.

THE PROBLEMS OF MEXICO CITY

The degenerating megalopo

BY ALAN RIDING, MEXICO CITY CORRESPONDENT

HAVING LONG concluded that Mexico City is virtually uninhabitable, the inhabitants seem resigned to the steady degeneration of what is now the world's third largest megalopolis, after Tokyo and New York. Every day, there are more people, cars, noise, pollution, water shortages, slums, unemployment, and beggars.

Daily, newspapers carry alarming stories about rare bronchial diseases provoked by air pollution, about 2m. people lacking drinking water, and about the capital's population almost tripling to 30m. by AD 2000. These could be tales of another city because nothing is done about them.

Most top government officials simply do not experience these problems at first hand. President Luis Echeverria, for example, works in the official residence of Los Pinos rather than fighting the traffic to reach the downtown Palace every day. His ministers, living in quiet residential districts where the air is cleaner and water supplies are secure, reach their offices safely cocooned in chauffer-driven limousines. Like many wealthy businessmen, senior officials often also have week-end hide-aways where they can forget such city madness as reaches them.

But the real problem goes beyond individual privilege to the fact that the city is actually run for the benefit of a small number of officials and businessmen. The key posts in the city Government, for example, are given out as political rewards and bring with them automatic enrichment, if not through commissions on contracts, then through licensing or "protection" of bars, brothels, and illegal casinos. Similarly, the main producers of air and noise pollution—factories and buses respectively—can simply buy off government inspectors.

At least half of the city's annual population growth by 7 per cent. is due to peasant migration from the depressed countryside, which has been ignored by successive Federal Governments. The water shortage is partly attributable to the difficulty of pumping water to the 7,400-foot-high valley where the capital is situated. The problems of air pollution are also aggravated by the thin air and the surrounding mountains which trap the smog inside the city basin.

The capital has attracted migrants and factories from other regions because of the enormous centralisation of the political system. All key decisions are taken there and recent economic growth has also been centred there. Occasional attempts to decentralise industry have lacked the right combination of sanctions and incentives to be effective. For too many people, in fact, Mexico remains little more than Mexico City.

To-day the city has 12m. inhabitants, of whom three-quarters live in inferior or slum dwellings; it has a workforce of 3m., of which 35 per cent. is under-employed or unemployed; it has 2m. vehicles, many of which are dilapidated belchers of thick smoke; it has over 1,000 medium-sized and large factories, of which only 20 per cent. do not pollute the atmosphere; and its population is growing by 500,000 per year.

Where should one start? The growing population, which is constantly straining inadequate public services, is clearly at the heart of the problem, but little can be done about it unless a new family planning programme has unexpected success and unless rural conditions improve enough to discourage peasant migration. But if one accepts that the population will be, say, 14m. by 1980, and twice as many by 2000, the issue is more simple: how can the city be made less unpleasant?

The real problem goes beyond individuals privilege to the fact that the city is actually run for the benefit of a small number of officials and businessmen.

Many problems of air and noise pollution are related to the demoniac traffic — and here something could be done. Not only do many cars, lorries, and buses have badly tuned engines, but they also use petrol with a high lead and sulphur content. Lorries and particularly long-distance buses are permitted to produce ear-splitting roars. Immunity from new anti-noise regulations is easily obtained through political influence or the unfailing bribe or *mordida*.

But the real traffic problem stems from the hopelessly inadequate system of public transport. The city runs the underground, electric trolley-buses, and trams. But buses of five different kinds and three different kinds of taxi—remain in private hands. Because of the extraordinary discomforts of public transport—not only the crowding but the endless wait, particularly for people living in outlying poor and slum districts—office-workers at the first opportunity, buy themselves a car to travel to work. They add to traffic problems, but at least they are sitting comfort.

The last organised improve public trans with the construction mile three-line under the late 1960s. The seriously overloaded. of extending the servi parts of town, the Octavio Senties, has his energy and resour structing a new "in highway which, when next year, will encou drivers to bring thei work.

The reasoning was politically sound: The would have been to public transport. One of try's strongest political the Alliance of Mexico and Lorry-owners, headed by Governo Figueroa of Gerrero, government take-over transport, extension of ground, or any signi crease of the number "More crowding means return on investment," city official explained. ance has a friend Senties who once act lawyer; and, to consol relationship, Governor son, Ruben Jnr., is no Senties' transport advise

Clearly, not all the ci lems are insoluble. the Federal Governme nises the need for dir vention, even attempts to "half-save" will be neutralised by interests. A chance t things in the capital with the arrival of a n dent in December—but step would have to appointment of a techn not another politician of the city.

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Lawyers police Philadel... voting

By David Bell

raeli Cabinet kely to clash

ANIEL

JERUSALEM, April 27.

DOWN within the overnment appears n the future of Jewish on the occupied

Minister Yigal Allon ed a scheduled fund to the United States ven postponed tentaduled official visits to nd another unidenti-

viet visits

wn Correspondent

the absence of diploations between the ion and Israel, two from Russia are n early May. invited by the " sponsored movefriendship with the ion, will participate brations marking the ory over Nazi Gere second delegation ent the Soviet peace It is coming for a visit to the ion, some months Israeli delegation, g a committee for ement of relations SSR.

an country in order t for Cabinet discuse settlements, it was

stponements have deep split within the ernment into the Israeli newspaper ronot, in its main day, said that Mr. ilaterally cancelling ip, has tipped the 's hand and made it o American pressure. step, the newspaper encouraged the U.S. in its opposition to our settlements. We consider his decision an error which he will ultimately regret."

The Cabinet discussions come at a crucial time for Israel in its relations with the residents of the occupied West Bank. Mr. William Scranton, the American ambassador to the UN, has made a speech before the UN Security Council in which he challenged the legality of existing settlements and the annexation of East Jerusalem.

Militant Israeli nationalists, however, have recently completed a two-day march through the West Bank which asserted Israel's right to annex all the occupied territories and angered Arab residents of the territory who have become increasingly resentful of what they see as attempts to dispossess them.

West Bank Arabs and Israeli Arabs have rioted against the authorities in recent weeks in bitter clashes which have claimed lives. Palestinian nationalists and communists swept to victory in municipal West Bank elections early in the month, ousting traditional leaders who had been relatively amenable to Israeli rule.

Defence Minister Shimon Peres last night refused to speculate on whether a Cabinet decision on the future of settlements by the religious ultra-nationalist Gush Emunim would lead to a Government crisis. He confined himself to saying, "I trust the Government will conduct a far ranging discussion of the country's settlement map."

At present eight Ministers are reportedly opposed to the Gush Emunim and want unauthorised settlements removed. Six Ministers are said to support the ultra-nationalists and five, including the Premier, are apparently uncommitted.

a 'to renew Golan ghts mandate' claim

TEL AVIV, April 27.

esident Hafez Assad o renew the mandate oops on the Golan e-fire line, an Israeli eported to-day.

aper Ha'aretz quoted g Western source as Syrian position was the framework of ntacts held between untries recently in vith the situation in

ate of the 1,250-man lling the cease-fire an agreement worked e supervision of U.S. of State Henry Kis-974 is due to run out

Assad previously uld not agree to remandate without subrritorial concessions ut Israeli leaders said make no prior com-Ha'aretz said the Syrian position stemmed from American policy allowing Damascus the green light for intervention in Lebanon.

Government sources in Jerusalem said they were not aware of a Syrian agreement to renew the mandate and they did not expect notification from Damascus until the last minute "in accordance with Syrian tradition until now."

UPI

● Reuter reports from Kuwait: The Kuwait newspaper al-Siyassah said to-day that Syria and Jordan were expected to declare a confederation of the two countries next month. In a report quoting informed sources in Amman, the newspaper said that King Hussein of Jordan and Syria's President Hafez Assad would announce the formation of the confederation at a summit meeting in Damascus in the first half of May.

anon to elect new sident on Saturday

BEIRUT, April 27.

ANESE Parliament on Saturday morning uccessor to right-wing Suleiman Franjieh, gnation is demanded g factions, it was offiinced to-day.

ting will be held in ary parliament builde "green line" crossetween Moslem and ctors of Beirut. The iament building was d looted last month.

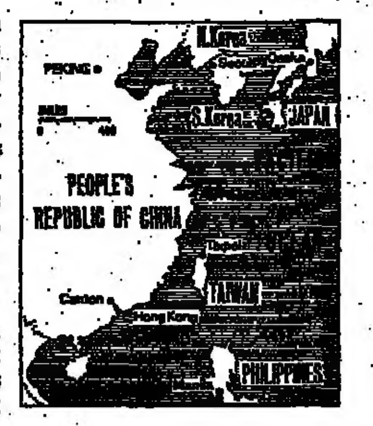
Mr. Franjieh last Saturday signed a constitutional amendment allowing for his early replacement. But although the removal of Mr. Franjieh was a principal demand of the Left, one of its most prominent leaders, Mr. Kamal Jumblatt, warned last night that his replacement alone was not satisfactory.

In all, 17 names have been mentioned so far as possible successors to Mr. Franjieh.

Reuter

Charles Smith, recently in Taipei, describes the political noose tightening around Taiwan

A prosperity without prospects



TWO THINGS have changed in Taiwan since Generalissimo Chiang Kai-shek died a year ago at the age of 87. University students are no longer putting up wall posters and chanting slogans caling for "recovery of the mainland." And the Generalissimo's widow, believed by some people to be one of the richest women in the world, has gone to live in the U.S.

What has not changed is that Taiwan has one of the most successful developing economies in Asia, able apparently to shrug off both the effects of the oil crisis and the questions which outsiders ask about its future. Both the balance of payments and the recent behaviour of prices have been much better in Taiwan than in South Korea, the other fast developing industrial economy in East Asia. Taiwan may even match Korea's growth rate this year—the official forecast is that GNP will rise by 6.4 per cent.—although in the past couple of years the Government has put much more emphasis on price stability than on expansion. But anyone who goes to Taipei is bound to come away wondering how long it can go on and, in particular, what will happen to the economy when the next big change occurs in the island's political status.

Withdrawal

It is not too difficult to guess what that change will be. The U.S., although it obviously cannot afford to say so publicly, has now clearly resigned itself to Taiwan eventually reverting to rule from Peking and is, accordingly, considering the terms on which it should withdraw its embassy from Taipei. The matter is not being hurried, particularly while Peking is immersed in its own leadership problems, but as in some other instances of American withdrawal from awkward or embarrassing commitments, it is already evident that it will be tackled by stages.

Stage one, which becomes a possibility at any time after the next year or so, would be the formal closure of the embassy in Taipei and the conversion of the existing U.S. liaison office in Peking into a full scale embassy. Stage two, after a discrete interval, would eventually be an extension, perhaps gradual, of Chinese authority over the island of Taiwan. The remaining, and important, questions are how much time will elapse between the two stages and how Taiwan will conduct its Government and its relations with the outside world during the interval. The evidence that is available suggests that both the U.S. and China agree that the transition period could be fairly lengthy.

The U.S. has obvious reasons for taking its time. Washington quite obviously does not like to see governments which it has propped up for the past 30 years disappearing overnight. There is also the dilemma of what to do about the American economic involvement in Taiwan which is very considerable: $470m. of the cumulative total of $1,000m. worth of direct foreign investment in the island is American. On the Chinese side there are practical considerations as well as considerations of face to be taken into account. The latter demand that Taiwan should explicitly be recognised to be a part of the China over which the Communist Government in Peking exercises the only legitimate authority. The first, practical, set of considerations demands that the *status quo* on the island be disturbed as little as possible.

The main foreign policy priority of the Chinese is to resist the encroachment of the Soviet Union around their frontiers. The second priority, though this is not demonstrable, may well be to cement relations with the U.S. It would be in line with both these priorities for China to allow the economic and political status of Taiwan to remain undisturbed for a while—and for it to permit the Taiwanese to maintain some unofficial links and contacts with the outside world.

The manner in which these contacts might be maintained is suggested by the example of Japan which "normalised" relations with China in 1972 but has continued to be Taiwan's second biggest foreign trade partner, after the U.S., and one of its biggest sources of foreign investment. Japanese direct investment there had reached a cumulative total of $215m. at the end of last year. Japan nowadays conducts its relations with Taiwan through an Interchange Association which occupies the buildings of the former Japanese embassy in Taipei—and is still known as the Japanese embassy by taxi drivers.

Tokyo office

The Association is staffed by 12 full time officials who have "retired" from the Ministry of Foreign Affairs, the Ministry of International Trade and Industry, and other government departments. It has not admitted to having official contacts with the Taiwanese Government or with the ministries in Japan from which its members are drawn. But there is a head office in Tokyo which is presumed to be in touch with the Foreign Ministry, and Taiwan has a similar organisation, called the East Asia Relations Association.

An American Interchange Association could be an ingredient of the surviving U.S. presence in Taipei after a full diplomatic "normalisation" between Washington and Peking. But the U.S. would have certain other business to settle in Taipei as well as that of representation, before stage two of the island's reversion to China could be considered to be smoothly under way. By far the biggest problem to be settled would be that of security, and particularly that of whether or not the existing American defence treaty with Taiwan could continue in being once diplomatic relations were severed.

The thinking at the moment, so far as it can be guessed at, is that Taiwan would require some tacit guarantee of its interim security from either the U.S. or China, or even both, for life to continue normally after the U.S. diplomatic departure. This might not call for an American military presence, since even the existing troop commitment to the island is strictly noncombatant: but it would involve some careful diplomatic and legal manoeuvring which could tax the ingenuity of both the Americans and the Chinese.

Other issues calling for flexibility and readiness to break with legal precedents would be Taiwan's entitlement to Most Favoured Nation treatment from the U.S. after the diplomatic break, since MFN status is normally available only to countries which recognise each other diplomatically, and the provision of American-made fuel for Taiwan's nuclear power industry. It is doubtful whether anyone is very greatly worried at this stage about the prospects of Taiwan becoming a nuclear power. But the island has an electricity industry which has committed itself heavily to nuclear-power generation (scheduled to account for half of generating capacity by the mid-1980s) and could be stranded without supplies of enriched uranium, from the U.S.

Low posture

As a by-product of American "normalisation" and of the opening of the "interim" stage in Taiwan's reversion other countries, and particularly European countries, may become a little more certain of how they stand *vis-à-vis* Taiwan and China. Most western countries have adopted an exceedingly low posture in Taiwan since the majority of them set up full embassies in Peking in the early 1970s, and since the Peking government took over the Chinese seat at the UN. Britain, after closing its Taiwan consulate in 1972, retained an almost invisible representation in the form of a representative of the Confederation of British Industries in Taipei who was concurrently a staff member of the local office of Jardine Matheson. West Germany, Spain, and other western countries have "cultural institutes" in Taipei.

All these representatives have found themselves busier over the past two or three years as the Taiwanese economy has continued to flourish despite diplomatic defeats, and some are now gradually raising their posture. Britain now has an Anglo-Taiwan Trade Committee with a full-time British executive and its own office, although the committee firmly denies any official status or connections with the British Government. General Electric (U.K.), which has a successful record of trading with China, and whose chairman is the president of the Sino-British Trade Council, carried off a £70m. railway electrification contract in Taiwan last year. ICI, which stayed out of Taiwan for years while its American competitors went in (and frequently traded with China at the same time) is now investing in a Dulux paint plant, and a chemical factory on the island.

Peking radicals firmly in power

By A Special Correspondent

PEKING, April 27.

A LINE-UP of the new Chinese leadership (including Chairman Mao's wife, Chiang-ching), prominently displayed on the front page of to-day's official Peoples Daily, indicates that the radicals within the Central Committee of the Chinese Communist Party have held firmly onto power since the climactic overthrow of former acting Premier Teng Hsiao-ping.

The picture is significantly the first of the party hierarchy to be published following the overthrow of Mr. Teng on April 7.

The accompanying list of "leading comrades" is headed by China's new Premier Hua Kuo feng, now First Vice-Chairman of the Party. The young Shanghai radical Wang Hung-wen, though no longer heir apparent to Chairman Mao, takes number two position followed by Chang Chun-chiao, Chiang-ching and Yao Wen-yuan.

All four of them are party Leftists though the recent anti-Rightist campaign and political turmoil in Peking this month have cast some doubt over the current political leanings of one of their number, Mr. Chang.

The new line-up may take the opportunity of May Day for a public show of unity and a further calculated display of the order of prominence in which the post Teng leadership is placed.

The picture was taken during a reception for army and militia personnel described as having "gloriously performed meritorious exploits for the party and people" during the rioting in Tien An-men on April 5.

Tien An-men square is now undergoing a major spring clean for the celebration of May Day on Saturday.

Sydney Morning Herald

Diet expected to ratify N-treaty to-day

The Lower House of the Japanese Diet will almost certainly vote to ratify the nuclear non-proliferation treaty to-day, six years after the treaty was signed by Japan, reports Charles Smith fom Tokyo. This, however, does not mean that ratification of the NPT will necessarily become valid for Japan this year because it also has to pass the Upper House or remain "on the table" for 30 days during which the Diet is in session—conditions unlikely to be fulfilled at present.

Reuter reports that the Japanese Cabinet approved a new draft Bill for revising the Anti-Monopoly and Fair Trade Law for presentation to the Diet. Sources noted, however, that the new draft was contained in a previous Bill which failed to pass the Diet last year.

Angolan visit

The Nigerian Federal Commissioner for External Affairs, Colonel Joseph Garba, is in Angola for talks with government leaders on the evolving southern African situation and on bilateral questions between the two countries, reports Jane Bergerol from Luanda. The Federal Government has grown increasingly critical of U.S. policy in Africa and has been one of MPLA's strongest supporters.

Islamabad talks

India and Pakistan are to hold talks in Islamabad soon on resumption of diplomatic relations which were broken in the war over Bangladesh in 1971, writes K. K. Sharma from New Delhi. Also to be discussed are agreements on resumption of air services including overflights, rail and road links and related subjects. This major breakthrough in the four-year-old impasse was announced yesterday in New Delhi by an official spokesman who indicated that the talks would be at the level of Foreign Secretary.

Ganges dispute

An Indian delegation flew to Dacca yesterday for talks on the disputed sharing of Ganges river waters, reports Reuter. Officials made clear that India did not intend to compromise on the operation of the Farakka Barrage.

Indian oil

India's Petroleum Minister Mr. Malaviya told Parliament that offshore exploration along the Westen coast is being increased since prospects are excellent.

Jakarta agreement

Oil production sharing companies have agreed that reduction of their profits will be effective as of January 1 this year, the Minister of Mining said in Jakarta yesterday, reports AP-DJ.

Recovery falters

Business expectations of a continued recovery in economic activity in Australia during the March quarter failed to materiise according to a survey by the Australian Chamber of Commerce and the National Bank, reports AP-DJ from Canberra.

Tokyo optimism

The National Economic Research Institute predicted the Japanese economy will show slight growth during 1976 and a "mini-boom" in the first half of 1977, reports Reuter from Tokyo.

N. Zealand deficit

New Zealand's current account balance of payments was in deficit by NZ$815m. in the year to end March 1976 ($993m. deficit), Reserve Bank statistics show, reports Reuter from Wellington.

After Sunday's inconclusive poll, Paul Ellman in Lisbon looks at . . .

The booby traps that lie ahead for Portugal

Alvaro Cunhal

PORTUGAL to-day finds itself as sorely divided as at any time during the two tumultuous years since the armed forces put an end to half a century of right wing dictatorship.

Prophecies that Sunday's legislative elections would fail to produce a clear mandate for any of the major parties have been borne out—as have forecasts that the political leaders would swiftly return to the bickering that has characterised so much of their past performance.

The emphasis has been placed on declaring whom they will not be prepared to govern with—although some sort of a coalition will have to be formed if the legislative assembly is to have any relevance as to Portuguese political life.

The Socialists, after a certain amount of equivocation, have now fallen back on their original position that they will not form coalitions with anybody. Dr. Soares does not exclude the introduction of some "independents" and military men into a Socialist Cabinet, but he knows any close relationship with the Communists would split his party right down the middle.

Despite the olive branch held out to the Socialists Dr. Cunhal has made it clear that the "Portuguese Communist Party does not exist to support the policies of other parties." Looking at the remarkable performance his party has put up, Dr. Cunhal noted that the sharpest improvements had come in areas affected by the agrarian reform programme and in the country's industrialised regions." Obviously those who have been affected by our policies are pleased with them," he commented.

Spectrum

At the other end of the spectrum, the two major right wing parties, the Popular Democrats (PPD) and the Centre Democrats (CDS) have clearly failed in their attempt to establish a new centre of gravity. For Dr. Sa Carneiro, the result must be particularly disappointing and there is considerable doubt as to whether either he or his party will ever be able to recapture their footing in Portuguese politics.

For the CDS leader, Professor Freitas Do Amaral, the result is a bit of a mixed bag: his party succeeded in doubling its vote, but failed to break the 20 per cent. barrier which would have put it among the big battalions.

The chances of Admiral Pinheiro De Azevedo, the Prime Minister, holding his team together look extremely slim. The prospects of its finally pushing through any of the badly needed measures that must be taken to cope with Portugal's growing problems, are slimmer still.

By any standards the problems which have piled up over the past two years are enormous: inflation heading past the 50 per cent. mark and likely to hit 100 per cent. some time this year; the country's foreign exchange reserves to all intents and purposes gone: unemployment running at 20 per cent.; and the ranks of the poverty-striken refugees from the former African colonies in danger of swelling to 1m. by mid-summer.

Portugal's politicians have given themselves a set of constitutional arrangements which in many ways resemble a booby-trapped house which they now propose to enter. The President will enjoy similar broad powers to his equivalent under France's Fifth Republic but will to a large extent have to gain the approval of the Revlutionary Council of the armed forces for his acts. The Revolutionary Council, at the same time, can oblige the President to veto any legislation which it does not consider constitutional.

Given that the Constitution also obliges any Government which might be formed to replace the present Cabinet to set about the task of building Socialism through such measures as workers' control, the pressure on the next President, and through him on the Revolutionary Council (of which he will be chairman), are likely to prove intense, notably since the Communists have already promised a fierce campaign to ensure that its provisions are adhered to—a campaign which the left-wing of the Socialist Party can be expected to support.

How the voting went

Parties	Vote	%	Deputies
Socialist	1,887,180	34.97	106
Popular Democratic	1,296,432	24.03	71
Social Democratic Centre	858,783	15.91	41
Communist	785,620	14.56	40
Popular Democratic Union	91,383	1.69	1
Popular Socialist Front	41,954	0.78	
Movement for the Reorganization of the Party of the Proletariat	36,237	0.67	
Leftist Socialist Movement	31.065	0.58	
Christian Democratic	28,226	0.52	
Portuguese Monarchist	28,163	0.52	
International Communist League	16,235	0.30	
Portuguese Communist—Marxist-Leninist	15,801	0.29	
Workers-Farmers Alliance	15,671	0.29	
Revolutionary Workers	5,182	0.10	

ELIGIBLE VOTERS: 6,481,352
VOTES CAST: 5,396,112 or 83.26 per cent.

Note: Four deputies will be elected to represent Portuguese emigrants abroad. Results from these voters are not expected before May 5.

The new period of political instability which threatens to engulf the country will clearly require a president able to act swiftly and decisively—a quality which the current head of state, General Costa Gomes, known locally as "the cork," has shown few signs of possessing.

President Costa Gomes is believed to want to continue as head of state but so far has failed to attract any support from either the military leadership or the civilian parties for his candidacy. Under the present situation, he is believed to hope that the crisis will be so intense and so prolonged that the presidential elections will be postponed and he will be allowed to carry on simply in order to avoid splitting the military themselves.

The only declared candidates so far are Admiral Pinheiro de Azevedo, the Prime Minister, and Brigadier Pires Veloso, the conservative commander of the nothern military region. Admiral Pinheiro de Azevedo has attracted the support of the Socialist Party for his candidacy, while Brig. Pires Veloso has been publicly endorsed by the Popular Democrats. Given the PPD's poor showing, however, he may well decide to go back on his decision.

Waiting in the wings is the Central American figure of General Galvao de Melo, the flamboyant air force officer and Olympic horseman who belongs to the Centre Democrats and who, indeed, played a Spiro Agnew-like role during the CDS election campaign, thereby allowing Professor Freitas do Amaral, the party leader, to project a more sober image to the party's right wing constituency.

Since the kind of political crisis Portugal is about to embark upon is likely to bring back memories of France's Fourth Republic, the country might be said to need someone like Rene Coty, the "unknown man," at the helm and someone reluctant to act too forcefully. Instead, it is likely to get a President with the powers of De Gaulle but too heavily compromised by his party backing to appeal to the nation as a whole over the heads of the political leaders.

Focal point

The military leadership, notably General Ramalho Eanes, is known to be deeply concerned at the prospect of the Presidency becoming the focal point for the next clash of political apssions and could well try to produce a candidate of the armed for[ces in] the hope of avoiding a[n] stalemate like the one whi[ch] emerged in the legislatu[re] which a man with weak s[upport] in the country could be te[mpted] to wield his powers aut[ocrati]cally.

Jose Pinheiro de Azev[edo]

With the scene set f[or the] next crisis but one—th[e fight] over the Government whic[h will] be formed after the presen[t quar]relling ship has finally [ended] its noisy voyage—the m[ilitary] are becoming increasingly [aware] that even if they want [to stay] out of politics, as th[e] majority associated with Ramalho Eanes, the prosp[ects of] their being able to are be[c...] slight.

Nevertheless, those mem[bers of] the Revolutionary Counc[il who] fought long and hard f[or the] military to continue to [play a] central role in Port[uguese] politics were having diffic[ulty] concealing their glee a[s the] stalemate became increa[singly] apparent. This, in the end [may] be the great tragedy of th[e elec]tion since it was suppose[d] to pave the way for Port[ugal to] have its first freely e[lected] civilian Government in 50 [years].

Dutch banker warns on inflation

By Michael Van Os

AMSTERDAM, April 27.

ALTHOUGH the world economy is showing a cyclical recovery, inflation has yet to be effectively tackled, Dr. Jelle Zijlstra, President of the Dutch Central Bank, said here to-day.

He said that only in terms of production volume had the most serious economic decline since world war II come to an end. "But whereas unemployment disappeared quite quickly in the previous period of cyclical decline, it is now to be feared that high unemployment figures will last for much longer," added Dr. Zijlstra, who blamed the high rate of inflation for this.

He noted that this year's estimated price rise for the developed Industrialised countries, at about 7.5 per cent., was now back to the level of the eve of the big oil price rises. He pointed out that the persistency of inflation as well as unemployment was not accidental.

German demand falls off

BY NICHOLAS COLCHESTER

BONN, April 27.

THE MARCH IFO test of the West German business climate shows a cloud on the economic horizon in that the growth of consumer demand, whose steady development has helped Germany out of recession, slackened noticeably during the month. Nevertheless the mood in manufacturing industry has become brighter still with a general rise in its export expectations.

In the retail sector the rise in real sales against the previous year fell in March to 2.5 per cent. leaving the average rise for the first quarter at 4 per cent. real and 8.5 per cent. in cash terms. Sales for short-life goods actually declined in March after stagnating for the previous two months. Sales of consumer durable goods were maintained but this was mainly due to the continued boom in the motor car business. Deliveries of radio, televisions, gramophones and cameras were notably weak, while sales of furniture picked up.

Meanwhile, in industry itself the upswing has continued unbroken. The most remarkable situation exists in the motor industry where orders, already account for five months of production and where delivery bottlenecks are reported. The weakness in industry lies in the capital goods sector—particularly in machinery—where the recovery is taking place only very gradually. But there is optimism here, partly on the strength of export hopes. Indeed the whole of the manufacturing sector is expecting rising sales abroad, suggesting that the recent rise in the Deutschemark has not made German industry non-competitive.

The IFO report also contains some asides about prices that suggest a threat to the price stability that is so confidently predicted for West Germany. The number of price increases announced in March by manufacturing industry was up on the previous two months. At the retail level there is talk of price rises across a broad spectrum of consumer durable goods in the coming months and expectation of an upward trend in prices of groceries and food. After the unions have settled for such restrained pay increases in Germany this year, an acceleration in the rate of consumer price inflation could prove an embarrassment for the Government.

Swiss deficit

Switzerland said yesterday that it suffered a budget deficit of Sw.Fr.1.3bn. ($520m.) in 1975—nearly three times higher than expected. The Government blamed the shortfall on the general recession with income from sales tax down because of lower consumer spending.

Polish trade

Expansion of Austro-Polish economic and political co-operation is to be discussed during the five-day visit of Polish President Henryk Jablonski, who arrived in Vienna yesterday, reports Paul Lendvai. Poland has become Austria's main trading partner in Comecon.

Agreement on EEC scheme to compensate

By David Curry

BRUSSELS, April 27.

COMMON MARKET countries have at last agreed on the details of the complex mechanism to compensate countries which find themselves paying too much into the EEC kitty in terms of their growth rates and economic status. The British Government demanded such a mechanism when it embarked on renegotiations two years ago and a formula was worked out by Heads of Government at the Summit Meeting which finally tied up renegotiations in Dublin in March last year.

However, it was only last week that senior officials of member States reached agreement on the regulation which formally embodies the compensation system. This was after a period when there were serious worries that France was determined to make life difficult in translating the Dublin Declaration into a precise instrument.

Interpretation

France originally insisted that the Dublin formula be followed in the strictest possible detail, right down, for example, to whether GNP or GDP should be used in the calculations, while Britain and the Commission wanted a slightly more flexible interpretation. The French finally dropped their objections after securing a few technical concessions that should not have any great effect on the overall arrangement.

The final version will be passed on the nod by Finance Ministers in May. Although it was designed at British insistence to compensate for U.K. over-payments into EEC funds the only possible candidate to benefit from it in the next couple of years would be Italy. Officials think there is a chance that Italy may qualify for rebates this year.

In order to qualify for compensation, countries have to show that their per capita GNP is less than 85 per cent. of the Community average: that the rate of growth of GNP per capita is less than 120 per cent. of the EEC growth rate: and that their total payments to the Budget including customs duties and farm levies made over to Brussels is more than 10 per cent. higher than the contribution would have been had it been a simple calculation based on GNP.

Criteria

Even if all these criteria are met countries must, in addition, be net payers into the EEC Budget. This condition, for example, excludes Ireland which would meet the first three conditions but which is a net recipient from EEC funds. There is, in addition, a limit on the amount of compensation which can be paid.

The amount to be repaid is related to the difference between actual payments by a country to EEC funds and the payments which would have been made according to GNP criteria only. Commission calculations made at the time of renegotiations indicated that if the U.K. were disadvantaged to the tune of 230m. units of account (at current exchange rates rather than fixed budgetary rates) she would get back some 160m. units.

It seems unlikely that the U.K. will in fact stand to receive any compensation before 1978 when it is hoped to introduce a market valued unit of account for budgetary purposes instead of the present pre-Smithsonian calculation which benefits countries with devalued currencies.

In practice Italy and the U.K. are the only candidates for compensation.

Opposition to Moro government solidifies

BY DOMINICK J. COYLE

ROME, Apri[l 27.]

THE COMMUNISTS (PCI), Socialists and the smaller Social Democrats have now confirmed formally their opposition to the minority Christian Democrat Government of Prime Minister Aldo Moro, thus seemingly eliminating any last remaining possibility that the Italian administration can secure its crucial confidence vote in Parliament later this week. The alternative clearly is an early general election.

Contrary to earlier expectations, Premier Moro does not now intend to make his confidence-seeking keynote speech until late to-morrow evening. While the Communists and the Socialists have decided to downgrade the whole Parliamentary affair by putting in deputies rather than party leaders to answer the Prime Minister.

The neo-Fascist MSI is also calling for early elections, and this creates the potentially embarrassing situation for the Left-wing parties of being joined effectively in the lobbies by the extreme Right. This is, however, likely to generate much less political heat man when, for example, as in a recent vote on abortion, the ruling Christian Democrats found allies in the MSI. Political judgements in Italy are still made on selective criteria.

The small Republican party, which commands only 15 votes in the 630-member Chamber, is likely to abstain in the key confidence vote—probably on Friday—and a combined Communist, Socialist, MSI and Social Democrat opposition to the Government would be more than sufficient to bring down the Moro administration.

The smaller parties have, however, left themselves with just enough room to manoeuvre, and it remains possible, although highly unlikely, that the Government could at least nominally be saved through an unexpected combination of abstentions and last minute support. But the decision of the MSI could still be crucial.

The Bank of England, the West German Bundesbank and the Belgian central bank yesterday requested their national banks not to convert Italian notes of Lire50,000 or more. Agencies.

Yet this theoretical possibility of the Government getting through the confidence motion is based on a combination of virtually all potentially favourable circumstances, and any such result would carry no real political conviction in present circumstances. It remains possible, of course, that Premier Moro, following his speech to-morrow, could even offer his Government's resignation, without a vote.

Overall, the expectation here to-night is that the Prime Minister's speech will, in effect, be his last before the present [Parlia]ment, and that new el[ections] will take place in June. [On the] basis of results in last [year's] regional elections, and [taking] note of opinion poll sa[mples] since then, the Italian [Com]munists, who now comma[nd the] support of one in three [of the] electorate, are expected ge[nerally] to make further gains, p[ossibly] even emerging from fres[h elec]tions as the country's [largest] single party.

However, the most [recent] opinion poll results av[ailable] here over the past few da[ys], based on differing el[ectoral] samples, suggest a consi[derable] degree of confusion in the [public] mind, and in one case sho[w that] three out of every 10 [of the] electorate are still undeci[ded].

The polls, commission[ed res]pectively for the Christian [Democ]rat press agency and the [maga]zines L'Espresso and Par[...] show on an average comp[...] the Communists ahead [with] almost 25 per cent. aga[inst ...] per cent. for the governin[g ...] and marginally under [...] cent. for the Socialists. H[owever] the PCI comes out well a[head in] two of the three samples.

The lira, meanwhile, rec[overed] to-day some ground lost [against] the dollar, the Milan fix [at] 839.85 being more than [...] points better than yest[erday's] close. The improvemen[t was] attributed to the decision b[y EEC] Finance Ministers to offe[r Italy] a further loan facility.

Details of EEC loan

BY DAVID CURRY

BRUSSELS, April 27.

THE DECISION of EEC Finance Ministers to make new financial aid available for Italy if required will put some 1.7m. units of account of short-term assistance at Italy's disposal.

Italy already has borrowed some 1.16bn. from EEC Governments in the form of medium-term borrowing: 400m. short-term from the U.K.; as well as $1bn. raised in the market place under Joint Community Guarantee.

As well as the new short-term assistance, there is theoretically around 550m. units of account of medium-term assistance available from member Governments under the ceiling for this form of finance. This is assuming that the British would not be prepared to contribute their quota of 600m. units of account, while it must also be doubtful whether the Irish, themselves borrowers of money under guarantee, would chip in.

In addition, the EEC still has the scope to raise a further $700m. on the market under Community Guarantee under the original scheme which set a $3bn. ceiling on money raised in this way. Italy has already received $1bn. in medium-term financing from this mechanism. Whether it would be practical to have to resort to this scheme again would depend on market conditions and on the willingness of the Common Market countries to use the technique again.

Originally Italy received some 1.56bn. in short-term borrowing. This was converted into three-year lending last year with the exception of Britain's 400m. contribution which remained on a short-term basis because the Treasury wished to have it available at short notice.

The ceiling for short-term borrowing is now 2.7bn. units of account, but since Italy's own quota must be discounted and the U.K. will not participate the effective ceiling is around 1.7bn. The catch is that there is not enough room under the medium-term ceiling to allow a big new short-term loan to be consolidated.

In addition, the British are expected to roll-over their loan of 400m. units of account in June.

Iran plans to withdraw $200m.

PARIS, Apri[l 27.]

IRAN, hit by slumping oil [revenues,] plans to withdraw $200m. [from a] special loan account it [has with] the French central [bank,] informed sources said to-day.

The Iranian Government [will use] the money, part of a sta[ted] $1bn. deposit it has been m[ade] under a 1974 bilateral eco[nomic] agreement, to finance its de[velop]ment programme, the s[ources] added. Several hundred m[illion] dollars had already been [depo]sited.

The withdrawal is a new [blow] to the Bank of France's cu[rrency] reserves, already sorely de[pleted] by heavy intervention sa[...] support the falling franc e[arlier this] year.

The deposits were intend[ed as] advance payment for F[rench] goods to be imported into [Iran] under the 1974 agreemen[t but] French exports to Iran [have] failed to live up to expect[ations] since then.

Reuter

Arias faces crucial test to-day

BY ROGER MATTHEWS

MADRID, April 2[7.]

SENOR CARLO ARIAS, Spain's Prime Minister, will go on television to-morrow evening to make a speech that, while not vital to the political future of the nation, is almost certain to be crucial to his own career.

Authoritative Government sources said this afternoon that Sr. Arias had not revealed the contents of his speech to any of his Cabinet colleagues. He had asked their advice but had not gone further than this "in order to avoid divisive discussions."

Only King Juan Carlos is believed to know the Prime Minister's intentions and he is reliably learned to be anxious to replace Sr. Arias. Sources close to the king say that he would like a referendum to be held before the end of June, but had been told by the Prime Minister that this was not possible for "technical reasons."

The referendum, if and when it is held, will be basically designed to seek popular approval for the monarchy and for reforms aimed at creating a two-chamber Parliament with the Lower House elected by universal suffrage.

Sr. Arias would prefer to move rather more slowly than the two or three reformist Ministers in the Government are urging and has been relying heavily for advice from former Cabinet colleagues rather than members of his present team. A powerful anti-Arias lobby has been developing within the regime during the past two months. This lobby includes the reformist Ministers in the Government who argue that Sr. Arias remains more faithful to the memory of General Franco than he does to the more modern image which the king is trying to promote.

If the Prime Minister chooses to make an indecisive speech to-morrow night that once again fails to spell out a precise programme of political reform, it is certain that pressures against him will mount. What is less clear, however, is how the [King] will replace him should Sr. [Arias] decide to fight. King [Juan] Carlos, buoyed up by [the] popular success of his vis[it to] Andalucia and by the encou[rage]ment of his father, Don Ju[an, is] understood to be ready to i[nter]vene more actively in the [poli]tical arena while still tryin[g to] retain his objective of ap[pear]ing as a constitutional mon[arch].

Madrid's best-selling we[ekly] news magazine Cambio 16, [was] forced by the regime to-da[y to] remove its planned edit[orial] because it called for the res[igna]tion of Sr. Arias and indic[ated] that this also was the wish o[f the] King.

Meanwhile reactions to [the] week-end's elections in Port[ugal] has been mixed with right [wing] commentators in the Press s[ay]ing that the results are a re[cipe] for indecision, division and [con]fusion and left wing pa[pers] claiming that they demonstr[ate] the maturity, good sense [and] democratic sentiments of [the] Iberian Peninsular.

HOME NEWS

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"I am disturbed that there is not more action," he said. "After all the industry has done its part in co-operating with the Plowden Committee."

Demand for electricity has *fallen during the past year for* the first time in many years and is now running at between 1 per cent. and 2 per cent. lower than 12 months ago.

None the less, Mr. Hawkins said he was hopeful that the CEGB would be able to show a net overall surplus of some £15m. for the year ended March 31. That figure, he added, was after the industry had made its contribution to the Exchequer in the form of £290m. interest charges.

The fact that the industry has remained profitable in spite of the downturn in power demand owes something to a reduction in its total manpower brought about in agreement with the unions. With this record behind it and the prospect of a more streamlined management and administration just ahead if the main Plowden recommendations are implemented, the industry is anxious that *the Government* should not drag its feet over putting the Plowden recommendations before Parliament.

Mr. Anthony Wedgwood Benn, the Energy Secretary, has promised to bring a Bill before Parliament this year for restructuring the industry. The CEGB staff is arguing that the Government must produce a draft Bill very quickly if union and management conferences are to have a fair chance of debating and considering the proposals—in accordance with Mr. Benn's ideas on open consultation—before the

Grass-roots discussion of the Plowden Report has gone on in the industry at *local* level through the Local Advisory Committees on which unions, staff and management are represented.

The feedback from those talks has been that unification of the industry into a single structure out of the present pattern of the Electricity Council, the CEGB, *and the 12 Area Boards,* is generally acceptable to the staff.

Very few, if any, jobs would be lost by such a structural change. *But a number of people* would have to accept changes in their responsibilities and perhaps physical moves.

The mood is that such an unsettling period should be kept to the minimum time possible and should be carrie dthrough with as little delay as possible.

S & N to launch own lager brand

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

SCOTTISH AND Newcastle Breweries, fifth largest U.K. brewing group, is to launch its own lager brand in what is potentially one of the most significant developments to come out of the brewing industry for some time.

Up to now, S and N has used Harp lager as its brand and is one of three major brewers controlling the Harp lager consortium—the other two being Guinness and Courage (part of the Imperial Group).

S and N's involvement with Harp has recently been the subject of some City comment. In England and Wales, the lager market has been growing at an annual 20 per cent., compared with the 3 per cent. rate shown by total beer sales. By the mid-1980s, lager is expected to account for at least one-third of all beer sold.

Yet S and N is prevented from any major push into this lucrative sector because of the strong grip its partners have on sales of Harp south of the Scottish border.

However, now it is to test market its own lager, called Cavalier in the Grampian television area.

The test market will be *through the "free" (or non-*brewer owned) outlets as well as the S & N managed pubs.

In Scotland itself, four out of every ten pints of beer consumed are of the lager type and the market leader is Tennents, from Bass Charrington S & N said last night that its new brand is "as strong as Tennents and will sell at the same price."

A *spokesman insisted there* was no question of a rift between S & N and the Harp consortium which had been kept fully in the picture from the start about Cavalier. "We believe there is room for both brands," he added. At present, there are no plans to sell Cavalier in England.

And the introduction seems not to have affected S & N's plan to introduce to Scotland later this year the Kronenbourg brand which the Harp company is brewing under licence in the U.K.

Sales up

● Carlsberg, the lager brand owned by United Breweries of Denmark, has increased sales by nearly 30 per cent. in the six months to the end of March, said Mr. Michael Macdonald, managing director of Carlsberg Distributors, yesterday.

As a result, it has increased its market share, he maintained at a reception to mark the opening of CD's new £1m. warehouse and office complex at Willesden.

Carlsberg, brewed at Northampton, has around 13 per cent. of the U.K. lager market, compared with the 28 per cent. controlled by Bass Charrington's two brands, Tennents and Carling Black Label, Harp's 24 per cent., Skol's 16.5 per cent. and Heineken's 15 per cent. Skol comes from Allied Breweries and Heineken is brewed under licence by Whitbread.

Shipyard orders rise sharply but workless problem remains

BY OUR INDUSTRIAL STAFF

SHIPYARDS saw a big increase in orders in the first three months of this year. But the ordering pattern will do nothing to lift the gloom which surrounds the industry.

The gross tonnage of new orders in the January-to-March *period, at 51,600, was more* than double the level for the corresponding months of last year, according to figures released to-day by the Shipbuilders' and Repairers' National Association.

Most of the new work was placed with Austin and Pickersgill, the Wearside yard, which yesterday announced a further three orders for its successful standardised SD-14 cargo vessels.

The company, with five SD-14 orders in the first three months, accounted for 45,500 *tons of the total shipyard intake.*

The association acknowledges that most of the first-quarter orders were placed *with only* two or three yards, and points out that the total is well below the volume of work required to maintain full employment in the industry.

The total order book for British yards, excluding naval work, at the end of March was dramatically lower than 12 months earlier. Orders stood at 235 ships of 3.955m. gross tons, with an estimated current value of £1,048m., compared with 358 ships of 5.963m. gross tons, valued at £1,383m.

The gloomy figures from the association underline the problems *confronting* the Government, which plans to take the industry into public ownership by the autumn.

Governments throughout the world are trying to alleviate the problem of surplus shipbuilding capacity precipitated by the tanker surplus and economic recession. Without an influx of new orders, some British yards must start running down labour before the end of the year.

Talks between the Government and shipowners to encourage them to place more orders with British yards continue.

Aerospace corporation 'must be adaptable'

BY LORNE BARLING, INDUSTRIAL STAFF

THE NEW British Aerospace Corporation, which will be vested in the autumn, must be a cohesive yet adaptable organisation if it is to succeed in a very competitive world market, Mr. Allan Greenwood, its future deputy chairman, said yesterday.

Mr. Greenwood, now chairman of the British Aircraft Corporation, said that public ownership of the four companies concerned presented a great challenge to the *industry and required* harmony with the Government.

He told BAC apprentices at Filton: "I hope that we may increasingly discover ways in which all of us may feel ourselves more fully involved in the business of our company and bringing it to greater prosperity."

The industry had always been faced with the need for change, in technology, in marketing, and meeting changing political climates.

Loan for U.K. gas pipeline

A loan equivalent to £17.3m. has been granted to the British Gas Corporation by the European *Investment Bank* to help finance a pipeline across southern England to carry North Sea gas towards the South West.

The loan, for eight years at an interest rate of 9 per cent., brings to £85.1m. the total finance provided by the EIB for major gas transmission projects in the U.K.

The pipeline will run over 200 miles from Wisbech, Cambridgeshire, to Dorset.

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tinually looking at ways in which policemen can be better protected from bomb and gun attacks."

The three personnel-carriers, which hold eight men, are to be *used in dangerous Border areas* and will replace vehicles at present on hire from the Army.

The Police Authority has confirmed the issue of "a small number" of Army-type self-loading rifles to policemen serving in vulnerable stations.

A Government working party examining the role of the security forces is soon to report to Mr. Rees, and is expected to recommend ways of strengthening the RUC.

Mr. Rees, who was meeting security forces representatives in London, said that he thought West Belfast and South Armagh were not areas in which the primacy of the police could be achieved.

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was a scene when Mr. Stonehouse sought an adjournment for two weeks on the ground that he had "realised last week that it was being made into a political trial," and intended to conduct his own defence.

The judge told him to make the application after the charges had been put to him and when Mr. Stonehouse persisted in speaking, told him sharply: "You will either sit down, or you will be taken below and will stay there until you decide to obey the directions of the court."

He sat down. Later, he said that he needed time to study a tape recording of his statements in Australia to the Victoria State Police, which had only just reached him.

The judge ruled that as this was not part of the prosecution case there was no ground for an adjournment.

People in the public gallery were put through a security check after a man with a foreign accent telephoned the Old Bailey to say that Mr. Stonehouse might be shot when he entered the dock. Nothing suspicious was found, and City police treated the call as a hoax.

Both Mr. Stonehouse and Mrs. Buckley were granted bail.

Mr. Stonehouse has left the Labour Party and joined the English National Party.

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...DONE, INDUSTRIAL STAFF

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the opening of an exhibition entitled Highland Focus at the Design Council, Haymarket, London. It sets out to show the manner *of* industrial growth and technology in the Highland region.

Many companies associated it with the Highlands, including BP, Shell, Esso, British Aluminium, Wimpey and Highland Fabricators have contributed *material* and finance to the exhibition.

Mr. Murdo Nicholson, chairman of the Highland regional council, stressed the advantages to be gained by industrialists moving up to the Highlands: oil: deep water, suitable sites; a stable and intelligent workforce *and maximum* co-operation from the local authority.

...st over power plant delays

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A spokesman said:

"Management and unions are united in deploring the delays in the ordering programme."

Babcock and Wilcox is also affected by the delays and have protested that the lack of CEGB orders is threatening the team built up at its Renfrew boiler plant.

Last week, Mr. Leslie Huckfield, making his first speech after taking over as the new Parliamentary *Under-secretary* at the Department of Industry, referred to the problem and said the Government was fully aware of the serious implications for the companies concerned.

"We are doing everything possible to enable a decision to be reached within the next few months," he said.

U.K. to make own tritium for nuclear weapons

BY DAVID FISHLOCK, SCIENCE EDITOR

BRITAIN is to make its own tritium, a radioactive material essential in the manufacture of H-bombs, for the first time in a new chemical plant to be built in Scotland.

British Nuclear Fuels said in a guarded statement yesterday that the Ministry of Defence had placed a contract for supplies of the material in the 1980s which would involve the construction of a new facility at its Chapelcross Works, Dumfries.

The Chapelcross plant was originally built for the Ministry as a nuclear plant for producing plutonium, but it is now operated as a 220 MW nuclear power station.

Until now Britain's nuclear weapons programme has imported its weapons-grade tritium—a radioactive isotope of hydrogen gas—from the U.S.

British Nuclear Fuels would give no details of the capital investment involved or the capacity of the new plant. It said only that provided planning permission was forthcoming, it hoped to start construction this summer, and bring the tritium facility on-stream by 1980.

The Defence Ministry does not normally disclose information about its production arrangements for nuclear weapons, but has been persuaded to do so in this case because of recent public interest in its contractor's development plans—mainly those involving nuclear fuel reprocessing.

It said that a domestic source of tritium would be more convenient for its weapons programme, would save dollars, and would provide employment at Chapelcross for about 50 people.

Substantial amounts of tritium will be required in the 1980s for new nuclear weapons and—because the material decays radioactively, with a half-life of 12.3 years—as a replacement material for Britain's existing nuclear armoury.

Fusion system

The Chapelcross plant, thought likely to cost several million pounds, will take enriched lithium metal that has been irradiated in the nuclear station's reactors, and will separate the tritium formed by neutron absorption in the form of lithium tritide.

In a thermonuclear weapon (H-bomb) explosion, atoms of tritium and deuterium—another hydrogen isotope obtained from heavy water—are fused together by the intense heat and pressure generated in an A-bomb explosion. This fusion reaction yields many times the energy of a fission or A-bomb explosion.

In early discussions on the feasibility of producing a British H-bomb, tritium supplies were seen as a limiting factor to weapons production, because they needed the services of a large nuclear reactor. At the time Britain's big reactors were wholly occupied making plutonium for A-bombs.

More recently large reactors—notably in the U.S. and France—have been devoted to tritium production, and Britain has been importing both weapons-grade material and the tritium used to make radioactive "labelled compounds" for research.

The Radiochemical Centre at Amersham spends between £100,000 and £200,000 a year on supplies of tritium, mostly from France. But the quantities required by the U.K. weapons programme are believed to be many times greater.

The new facility will resemble a spent fuel reprocessing plant inasmuch as it will need to separate tritium from a highly radioactive "target" material, probably a lithium-aluminium alloy.

Much of the cost of the new facility will be incurred in ensuring that the new plant processing a radioactive gas is leak-proof.

Tritium, however, as a very weak beta-emitter, is only slightly radioactive, and is one of the least toxic of the radio-isotopes. Traces are formed naturally in the atmosphere under bombardment from cosmic rays.

Scots Tories to vote again on devolution

BY CHRIS BAUR, SCOTTISH CORRESPONDENT

THE SCOTTISH Conservative Party will try next month for the sixth time in eight years to find a lasting solution to the question of creating an elected assembly to deal with Scottish affairs.

The party's annual conference in Perth will vote on a straightforward proposition from West Aberdeenshire seeking to "confirm the party's commitment to a directly elected assembly for Scotland consistent with the political and economic integrity of the U.K."

The vote will be an important test of strength for anti-devolutionists who are demanding a ballot at the conference to prove their assertion that opinion recently has begun swelling against the assembly.

They contend—perhaps with some campaigning licence—that most of the Tory Shadow Cabinet and a clear majority of the Parliamentary party would like to ditch the devolution commitment it fashioned under Mr. Edward Heath's leadership and that the party at Westminster would require only a sign of weakening resolve in Scottish ranks to hasten that decision.

They were fortified in this belief by the substantial minority support they secured in the 103-60 vote of the Scottish party's central council in January, when the assembly question was last debated by leaders of the Scottish Conservative and Unionist Association.

Party chairman Mr. Russell Fairgrieve, MP for West Aberdeenshire and a supporter of maximum powers for the assembly, yesterday acknowledged that there had been some "backsliding" on the issue.

This had been caused by the "terrible fright" Conservative supporters had been given by rate increases which followed local government reform.

Many assumed that an assembly might add further to local government costs.

He was confident that the assembly policy would be accepted by the conference. Certainly he, and the party's shadow Scottish Secretary, Mr. Alick Buchanan-Smith, would be in severe personal difficulties if the conference rejected devolution, as it did once before in 1973.

Party president Mr. Ronald Anderson said that the conference was being given the chance of debating the issue again because a "fairly vociferous" body of opinion against devolution had succeeded in giving the impression of a deep split in the party.

It was important for the leadership to hear an expression of grass-root views.

● An Opinion Research survey in Scotland belies the assumption that the setting up of a Scottish assembly is a major obsession there, an MP claimed yesterday.

Mr. Teddy Taylor, Conservative for Glasgow Cathcart, said: "Only 2 per cent. of those surveyed regarded devolution as one of the top priorities for action."

Oil search in Celtic Sea soon, says Benn

TWO OIL companies will drill at least two exploratory wells this year in the British sector of the Celtic Sea, according to Mr. Anthony Wedgwood Benn, Energy Secretary.

Mr. Benn said that oil companies with licensed territory in the Celtic Sea could reasonably be expected to fulfil drilling obligations before the licences expire next March and in March 1978.

"All licensees are fully aware that retention of territory after the initial six years of a licence depends on completion of drilling obligations. Experience has shown that this is a significant encouragement to them to get on with their work."

Although exploration in Welsh waters had not so far lived up to highest expectations several promising geological structures had been found in spite of the fact that much of the presently designated Celtic Sea was underlain by non-prospective basement rock.

● A consortium headed by Shell is to spend £3m. drilling for oil in a world record water depth of 933 feet about 30 miles north-west of the Shetlands, just beyond the edge of the Continental shelf.

Shell forecasts big European growth in polymers trade

BY RHYS DAVID, CHEMICALS CORRESPONDENT

SHELL expects its polymers business outside North America—about 1m. tonnes a year and valued at $800m.—to double from its present level by 1985.

The company says, however, that because of below-average profit levels in the polymer industry a selective approach is to be adopted involving withdrawal from lines which prove uneconomic. The industry provides raw materials used in a variety of chemical and plastics products.

Shell has already withdrawn from some fields, including general purpose rubber in the U.S. and high-density polyethylene in the U.K.

Epoxy resins

Dr. J. P. Fortuin, general manager (polymers) for Shell International Chemical, speaking at the opening of a new research centre in Amsterdam, forecast continued growth in the four areas of polymers where Shell is strong—polypropylene, epoxy resins, urethane chemicals and thermoplastic rubber.

Expandable polystyrene is also seen as a major growth area, but general rubber and low-density polyethylene are expected to grow much more slowly.

In thermoplastic rubber—widely used in footwear and adhesives—Shell is due to bring on stream this year a 30,000 tonnes-a-year plant in F[r]... similar unit is already i[n] ...tion in Germany.

Dr. Fortuin pointed ... possibility of problems a[t] ... the short term as a result ... capacity in polyprop[ylene] ... major interest of Shell ... with a total capacity of ... tonnes is one of the leading suppliers.

He said that the ma[rket] ... expected to grow at 10 ... cent. a year providing ... while business for co... which could contrib... development of the ma...

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Pre-war car[s] to race agai[n]

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The cars, all ERAs, are —which used to be d[riven by] Prince Birabongse of ... Remus and Hanuman, ... all from the Bira/Chul[a] ... Mouse stable.

Report urges change in identity laws

ONLY IN "exceptional circumstances" should an accused person be convicted on identification evidence unsupported by other "substantial evidence," says the Devlin Committee in its report out yesterday.

The committee says that in cases which depend on eye-witness evidence of identification, "there is a special risk of wrong conviction."

It recommends changes in the law and practice to ensure that, if prosecutions are brought on eye-witness evidence alone, they will fail.

The report was called for by the Home Secretary after the wrongful convictions of Mr. Laszlo Virag and Mr. Luke Dougherty came to light in 1974 and is issued 18 days after the acquittal of Mr. Peter Hain.

Mr. Hain, president of the Young Liberals, was cleared by an Old Bailey jury of a bank robbery charge brought on the basis of eyewitness accounts.

The report urges that an indentification parade should have preference over other methods of identification. Codes laid down by law should regulate the conduct of parades and the showing of photographs.

Any serious breach of such rules would result in the exclusion of any evidence that has emerged from a parade or the showing of photographs of suspects to possible witnesses. The committee, however, concluded that there is no clear defect in the machinery associated with identification cases.

Another recommendation is that there should be experiments in photographing an identification parade and, unless they prove unsuccessful, the practice should be adopted.

The committee says that the best way to relieve the pressure on witnesses engaged in an identification parade is for the officer in charge to tell the witness that the person he saw may not be in the parade.

Mr. Roy Jenkins, the Home Secretary, said in a Commons written reply that he intended to have urgent consultations on the report. "I am studying the report and intend urgently to consult those with an interest in identification evidence and procedures before making proposals for change, he said.

● Laszlo Virag served five years of a 10-year sentence imposed in 1969 for crimes he did not commit including wounding a police officer and using a fire-arm to resist arrest. He was given a free pardon after an inquiry.

● Luke Dougherty was released from jail in 1974 after spending nine months inside for a shop-lifting offence he did not commit. He was convicted after two eye-witnesses identified him from a police photograph, but was later proved to have been on a coach trip at the time of the offence.

Evidence of Identification in Criminal Cases. Cmnd. 338 S.O. £2.45.

New bus will collect the groceries

A NEW RURAL "midi-bus" service is to pick up groceries and prescriptions as well as passengers.

The National Bus Company said yesterday that the service was for areas which did not justify conventional bus services, but where demand was too great for "do-it-yourself" village operations.

The 25-seater will provide a "door-to-door" commuter link with a railway station and taxi-style dial-a-bus services.

The experiment is by Eastern Counties Omnibus Company, of Norwich, in co-operation with Cambridgeshire and Northamptonshire County Councils, in an area between Peterborough, Oundle, Huntingdon and St. Ives. The shopping service links several villages to St. Ives on market days.

The project, which will run for at least a year, starts on May 24. It is hoped to provide permanent services eventually in other areas.

Mr. Tom Skinner, Eastern Counties general manager, said that the new service was another step forward.

High average loadings would be needed to meet estimated weekly costs of £260.

Minister rejects scheme to save local shops

FINANCIAL TIMES REPORTER

MR. JOHN SILKIN, Minister for Planning and Local Government, has rejected suggestions that new controls should be introduced to prevent changes of use for small local shops.

He has written to the Save Our Local Shops Campaign Committee that, while he shared concern over the loss of familiar small shops, he believed that it would be a long time, if ever, before they disappeared.

The committee had underestimated the safeguards afforded to small shop-keepers under the Landlord and Tenant Act, 1954.

Earlier this year the committee presented a "shops charter" to Mr. Silkin asking for a wide range of planning controls and suggesting, for instance, that local authorities should apply special "appropriate" rents in letting local shops they owned and should insist that all new developments included some low-rental shopping accommodation.

Part of the Minister's reply to the committee questions whether its proposals might "work against the general interest of greater efficiency and lower prices."

Jaycee announces new furniture factory

BY JAMES McDONALD

JAYCEE FURNITURE, one of Britain's largest traditional furniture manufacturers, has announced a five-year expansion plan which includes the building of a 7,500 square-metre factory at Eastbourne.

The new plant will be near Jaycee's factories making the Trevana furniture range, oak panels, small occasional furniture and chairs. The other two plants at Brighton produce dining furniture, large occasional pieces, and Regency-style furniture.

The new factory is expected to be completed in July next year. The cost will be £400,000 for equipment and £750,000 for construction.

Dr. Clive Cohen, Jaycee's managing director, said yesterday: "The new factory will help us meet increased polishing and warehousing needs for our Tudor, Trevana and Regency furniture ranges.

"We are planning to grow 10 per cent. annually in real terms and principally for export. It will increase our production capacity to £10m.—at current ex-works prices—yearly." Last year, Jaycee had a turnover of nearly £6m.

...as been a marked trend towards the specialist parcels services and competition is hotting up as the market gets smaller. **Arthur Smith** reports.

Decline of the general carrier

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...e transported in
year: many are
about one in 20
...ht through mail
great majority
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...ough the distri-
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market, but one
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would be forced to switch to other carriers; the Union of Post Office Workers, who expressed fears of a total run-down of the service; and outspoken opposition by the Post Office Users' National Council (POUNC) has caused pause for thought.

The underlying concern is that the "hawks" within the Corporation, who can point out that parcels have made a profit only once in 21 years, might be in the ascendancy and pressing for a major cut in operations.

Refusal

Force is given to this view by the refusal of the Post Office to provide details of how traffic declined in response to two tariff increases last year or how big a drop the present proposal would cause. The POUNC describes the cloak and dagger attitude of the Corporation as "*utterly unacceptable.*"

The State-owned National Freight Corporation has also run into difficulties on its rail-based parcels operations. NFC, one of the largest freight operators in Europe, was established under the 1968 Transport Act and has struggled ever since to achieve profitability in the rail-oriented small parcels company, National Carriers—formerly the British Rail Sundries Division.

Considerable progress has been made—only £42.5m. of the £60m. grant the Government made available to cover losses in the first five years of operations was taken up—but the current economic recession has hit traffic. In 1974 about three-quarters of NFC's £12.3m. loss was due to National Carriers.

Though most of the 60 or so companies within NFC are trading profitably, the Corporation is expected to report a record loss of £30m. for last year and the Government has made available £8m. in *emergency grants to overcome* the immediate financial problems.

Studies of ways in which the Corporation can eliminate its deficit are under way, but at this stage NFC is steadfastly refusing to say what they might involve. The Treasury, with the approval of NFC and the Department of the Environment, has appointed consultants to examine the financial state of the undertaking, and any recommendations must inevitably pay serious attention to the problem parcels sector.

The market for parcels and packages is declining — from 2,080m. in 1970 to an estimated 1,917m. in 1981. Discussing the changes that are also taking place, Sir Daniel Pettit, the chairman of NFC, says: "There *is less and less scope for dealing* with a parcel as a parcel."

The trend is firmly against the general operator in favour of the specialist. The retailing revolution, which has seen ownership of outlets concentrated in fewer and fewer hands, has contributed to major changes in distribution philosophy. Gone are the days when the norm was for manufacturers to offer their products to a general freight operator who would deliver to hundreds of high street shops.

Transport is now an integral part of the marketing strategy. Stocks have to be kept to the *minimum, speedy and flexible* delivery is at a premium, and goods have to be presented in the desired packs and quantities. In a fiercely competitive sector, the operator able to identify market trends and respond quickly will reap the rewards.

Unfortunately for the freight specialists, it has been the "own account" sector which has seen the most rapid growth over the past decade or so. Manufacturers and retailers, because of the scale of their operations, have chosen to establish their own transport networks and now account for around 70 per cent. of the parcels market.

But the private sector tends to "cream off" only the most profitable trade. A company will set up its own operations to handle the concentrated traffic flows between the major cities but where delivery is required to remote areas will usually rely on the Post Office.

Until the latest proposed tariff increase, the Post Office probably carried around 10 per cent. of the parcels transported in this country, with private freight operators holding a similar share of the market. NFC is the next major carrier and British Rail Express Parcels Service holds perhaps another 3 per cent.

An often repeated demand is for the rationalisation of parcels operations within the State sector. POUNC in its comments on the proposed tariff increase has stressed the need for a Government inquiry into the operations of the competing public sector parcel services.

Similar

A similar line was taken by the Select Committee on Nationalised Industries in 1972-1973, and the Government replied *in August, 1974*, and again in the recent transport consultative document, that the matter is still receiving attention.

One opponent of the merging of activities is bound to be Sir Daniel Pettit, who maintains that it is an illusion to suppose that grouping companies into bigger units will necessarily produce economies of scale, reduce overlap and waste, and improve profitability. "The key unit in freight transport is still likely to be small and responsive to intimate and direct management control and to employee involvement, and dedicated to individual client and customer needs."

This is the policy he has tried to follow in recent years with NFC's two principal parcel companies, National Carriers and *BRS Parcels, recently re*vamped as Roadline U.K.

Identifying their particular strengths, the two companies have pursued separate marketing policies. Roadline, which is road-orientated—though parcels will be transferred to rail for the long hauls—offers a high-speed quick delivery service between the main centres of population.

National Carriers, provides a nationwide small freight service but with the emphasis upon reliability and regularity. Sir Daniel recognises that in time Carriers' customers will also demand speed and that market separation for the two companies will be more difficult.

In recent years studies have taken place and are continuing to identify important traffic flows and see to which service they are best suited.

It was discovered that many "parcels" in both companies were clothes being delivered to shops. In response a specialist service "fashionflow," has been introduced by National Carriers to transport the clothes, not as individual packages, but still on hangers and racked for bulk delivery. Extra facilities are offered but NFC gets an improved profit margin.

Separate

"Fashionflow" is operated by National Carriers but such rationalisation is made more difficult by the fact that the bulk of Roadline's workers are members of the Transport and General Workers Union, while the majority of Carriers' employees belong to rail unions. To separate traffic for specialist treatment may appear to be favouring jobs in one company or one union at the expense of the other.

With constraints, and particularly at a time of recession when traffic is down, the rationalisation of NFC's parcel services can only be gradual. However, at some point it will be necessary to come to grips with the basic problem of National Carriers—its legacy of outdated warehousing and equipment.

But to provide Carriers with the nucleus of perhaps 30 modern fully-equipped warehouses might be necessary to offer efficient and competitive services would need a sizeable injection of capital.

The interesting point about Sir Daniel's view of the parcel market is that, if it prevails, then the trend will not be towards the further integration of activities by British Rail, the Post Office and NFC, but towards specialisation with each of the carriers defining more clearly the traffic for which they are best suited.

This solution would lay responsibility on the Post Office to negotiate its own terms of reference with the Government. The case could be argued that, if the Government wants the Corporation for social reasons to continue to offer unprofitable delivery services to remote areas, then compensation should be paid. This is no doubt one of the issues which the Carter Review into the Post Office will be considering.

Putting social responsibilities to one side, there is certainly no doubt among the large scale users of the Post Office parcel service that the Corporation could have a large and profitable market.

About 40 per cent. of the Post Office's present parcel business is on a contract basis. According to POUNC, which claims to have "considerable confidential evidence," many of the contracts will not be renewed when they expire. Instead, firms will turn to other carriers, set up their own transport operations, or find *ways of reducing their despatch* level.

There is the obvious danger, as traffic falls and heavy fixed overheads have to be maintained, that the parcels service could move into a downward spiral of unprofitability.

The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● HANDLING

Storage experts provide recorders

STORAGE and materials handling engineering group Dexion has secured exclusive U.K. marketing rights of a range of low-cost electronic stock recording systems developed by Comet Computing Systems, Bedford.

Dexion Stockteller equipment is intended to be the "plain man's" solution to the problem of stock control. They are fixed-task, "stand alone" units which turn a warehouse into a fully self-contained unit producing instant information to facilitate its co-ordination with other parts of the business.

Stockteller provides two basic systems which, between them, cater for the needs of a major proportion of the stores and warehouse market. Both record essential stock information and assist with stores control. They are uncomplicated and easy to operate.

Based on the same hardware—they have a process or with associated twin small-disc memory units and a number of special system terminals which each have a specially designed keyboard, a display and a printer in a single unit smaller than a typewriter.

While using the latest technology, the equipment can be considered as a sophisticated replacement for card-index systems.

Each system is an information bank and simply presents the user with the essential facts.

Information is not confined to a single location but can be available at as many locations as there are terminals. Consequently, several different departments can have access to stock information at the same time. Reports can be produced at the touch of a button on those items requiring replenishment. Individual items, groups of items or total stock may be valued instantly, producing meaningful operating statements. In addition, there are important savings in manning costs.

Intended for use in small-parts stores, employing a limited number of staff and using a fixed location system, system one can maintain records of over 17,000 individual items.

Records may be created, deleted and amended and receipts and issues recorded. At any time inquiries can be made covering quantity in stock, unit value and minimum quantity. Reports can be generated of those items requiring replenishment and individual or group valuations. The record file can be printed out in whole or by section. All records are protected by passwords, without entry of which, access to information is restircted to inquiries only.

System two would go into medium-sized stores using formalised stock locations. It caters for bulk palletised storage, small parts picking and specialised storage areas. It aids first-in first-out operation and produces printed movement documents to cover, for instance, goods inwards, bulk to picking replenishment and order-picking. It caters for different pallet sizes and heights, storage of two or three per bay, shelving and binning—in a single store.

Many terminals may be connected to one processor and may be wired directly to the processor over distances of up to 100 metres or connected via internal or GPO telephone lines for greater distances. In spite of their independent operation Stockteller systems can interface to existing manual or electronic systems

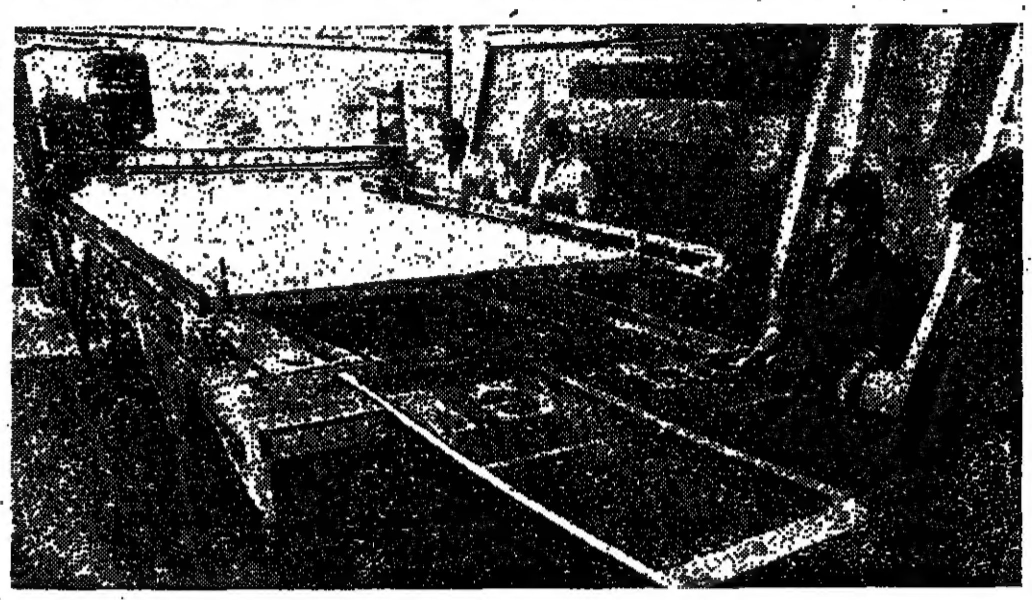
The range is based on hardware similar to that used by Comet in foreign exchange systems, currently being marketed by De La Rue Crosfield. There is thus an established service network throughout the U.K. and Eire.

More from Dexion at Dexion House, Empire Way, Wembley, Middx. HA9 0JW. (01-902 1281).

Power for tail lifts

WHEN VEHICLES fitted with tail lifts are used in the food trade it is not always possible to run the engine while the vehicle is in the loading bay because of contamination from the exhaust. This usually throws the load for operating the lift on the truck battery.

Savage Transformers, Nursteed Road, Devizes, Wilts. (0380 2132) has introduced two portable units which will give the required power from either single or three phase supply. One unit, mounted on castors supplies either 12 or 24V to the lift motor. The other unit, mounted on 10-inch wheels, can be used additionally as a battery charger, or to start the truck engine when it is cold, or has a flat battery.



Manufacturers faced with the problem of decorating or printing on extremely large surfaces might find this machine useful. As reported on the Technical Page on April 13, the machine was devised to print on plastics panels measuring 10 feet by 8 feet and is now in use at Willings Sign Division at Greenford, Middx. The panels seen being printed here are made from Oroglas (acrylic) and were imported from Rohm and Haas in the U.S. The machine will print panels in three colours in about nine minutes.

● SAFETY & SECURITY

Cabinets for dangerous micro-life

MICROBIOLOGICAL safety cabinets have been developed by Laboratory Thermal Equipment, Greenfield, Oldham, to provide extra safety to operators involved in handling dangerous micro-organisms.

Long sleeved gloves sealed to holes in the cabinet wall give the worker access and protection. It is claimed that leakage of biological particles cannot take place, even in the event of a fan failure, as both incoming and exhaust air are absolutely filtered, providing sterile air in the cabinet. The company says that "absolute filtering" means that 99.97 per cent. of pathogens in the 0.01 to 1.3 micron range are trapped.

Fabricated in stainless steel, the cabinets have removable end panels for inserting bulky equipment or connecting further cabinets. Features include anti-blowback devices, variable speed fan, manometer, sterilising heat gun and electric sockets. The cabinets are 21 inches deep, three feet high.

The maker is an associate company of Baird and Tatlock (London), P.O. Box 1, Freshwater Road, Chadwell Heath, Romford, Essex RM1 1HA (01-590 7700).

Warning of danger to property

VANDALISM is on the increase, particularly in schools and on new housing estates. Chubb Alarms has developed equipment which will provide part of the answer; based on sound equipment that can be linked into warning devices to call in supervisory staff when needed.

Chubb "Vandalguard" units are easy to site and several of these devices may be connected to one analyser unit. The acceptance of noise level by these detectors and the time lapse before an alarm condition is created may be controlled to suit the environment, thereby avoiding circumstances which could create false alarms. These factors are particularly relevant when protecting extensive areas susceptible to noise and vibration and where occasional insignificant sounds must be ignored.

Warning of vandal activity can be given by several methods depending on the requirements of the education authority concerned, whether there is a resident caretaker, how close a Chubb communication centre is to the premises, whether the police will accept a direct line, etc. These situations may allow for audible warning, silent warning, or a combination.

Warning of attempts to vandalise any part of a system when it is not set is given by audible warning within the premises.

Meanwhile, due to the non-availability or withdrawal of direct line terminations in police stations in various parts of the country and the increased demand for high security warning the company has designed Internet, which enables customers to receive direct line connections by sharing a Post Office line.

Internet is capable of receiving up to 45 alarm indications. This is achieved either by using one main post office line to one premise where there may be one complex system or several smaller alarm systems, or between an Internet control unit and up to ten different premises, in which case the main line is split at the local telephone exchange and individual spur lines are directed to each premise. Each transmitter unit (there may be more than one at each address) may transmit up to three alarm states.

Chubb Alarms is at 26 Westbourne Grove, London W2 5RN. (01-262 3250.)

Confuses the night prowler

SOME householders and businessmen have tried the idea of switching lights on and off automatically in premises at night, giving the impression of the presence of people and deterring the burglar.

But many such systems, being no more than time switches, work in a periodic way that can be detected by an observant thief who is "casing" the premises.

A device from Humbridge Supplies, 24 Brindley Street, Hull HU9 3BD (0426 729129), only starts to operate as night falls, switched by a photo electric device. From then on it switches the light or lights to which it is connected on and off in a totally random way for periods between five and 25 minutes. The device is plugged into a ring main socket and then up to 500W of load can be connected to it in the form of table or standard lamps, radios, etc. Price is £10.50.

● TUNNELLING

Rock borer to yield vital data

INSTRUMENTATION alone will cost close on £30,000 in a project to build and operate a 400 ton thrust rock tunnelling machine backed by Thyssen (G.B.), the National Coal Board and the Transport and Road Research Laboratory.

The systems division of Synergy Software of Hitchin has been awarded the instrumentation order. It marks a step forward in the measurement of cutting forces and rock behaviour in a most demanding environment—the underground coal mine.

The data acquisition equipment, which is for delivery in mid 1976 will be used to record cutting forces and machine parameters. [illegible]tion will be taken fr[illegible] gauges bonded to sele[illegible] of the 3.65 metre [illegible] cutting head and wil[illegible] strain, thrust and cutt[illegible] associated with the [illegible] cutters, penetration, power consumption, [illegible]tion, steering forces, torque reaction and thrust.

The data will be [illegible] together with time an[illegible] markers, on a 14 tra[illegible] mentation recorder [illegible] sequent replay and analysis. The mini[illegible] system which is use[illegible] complex analysis of t[illegible] data, has been the su[illegible] separate contract an[illegible] undergoing final accep[illegible] at a Government lab[illegible] the U.K.

Severe conditions [illegible] coal mining environ[illegible] pose particular constr[illegible] the design of such [illegible] Several overseas enqu[illegible] been received for sim[illegible] cations in harsh env[illegible]

First trials with t[illegible] ment will be carried [illegible] colliery in the U.K.

Further details fro[illegible] Software at Bevar[illegible] Bancroft Court, Hitc[illegible] 0462 54331.

● COMPUTERS

Lower-cost power from NCR range

SCOTCHING rumours that the company is considering quitting the large-scale computer market, NCR has announced its fifth generation of main-frame machines, the Criterion, in a price bracket extending to about £1m.

The new machine, on which $50m. has been spent on research and development will, it is claimed, provide more power per pound sterling than any comparable computer in the same general category. In addition, sufficient compatibility has been provided to make any changeover for the company's existing Century users relatively simple.

It does this by having firmware stored on a read-only flexible disc device and grouped into tailored sets of microprograms which execute the software in programming language object commands. Each firmware set creates a "virtual machine" designed for optimum execution of that language or application on the computer's hardware. These firmware sets can be used to execute existing, unchanged Century programs, Criterion software and application programs.

On the hardware side, Criterion has its power distributed over some eight separate, co-operating processors, linked by a common bus or data highway. There are three types of unit: a central processor with a 32 bit binary organisation housed on up to 25 11 by 14 in cards and with cycle times as low as 56 ns; a service processing element, a mini on four cards; and a microprocessing element on a single integrated circuit chip.

Purpose of the arrangement is to enhance throughput, accomplished mainly by freeing the central processor to apply its almost undivided attention to the continuous "pipeline" processing of instructions in the application job stream. Housekeeping and communication chores are handled independently and concurrently by the smaller processors, and all work together over the bus.

Undoubtedly most of the interest in Criterion will centre around the tailored firmware idea which, states NCR, allows Criterion to duplicate the processing characteristics of another computer. Similarly, the company has developed a set of micro-instructions which direct the machine to function as a Cobol 74 virtual machine. The Cobol 74 compiler can then generate an intermediate language that is interpreted directly and more efficiently by the firmware. As a consequence, Cobol programs compile and execute faster "than on much larger conventional computer systems."

The first two models in the series, the 8550 and 8570 are designed to meet the information processing requirements of medium to large sized users in the late '70's and early '80s. NCR's European vice president Clarke Reynolds, who introduced the range in London last week stated that this market will be dominated by the increasing use of telecommunications and distributed processing, demanding systems that can respond to change. He believed that the "multiple virtual machine" approach of Criterion made it ideal.

Deliveries will begin in the autumn. More details from 206 Marylebone Road, London NW1 6LY (01-723 7070).

GEOFFREY CHARLISH

COMPANY NOTICES

ELECTRICITY SUPPLY COMMISSION —ESCOM

7% 1967/1977 $US 15,000,000 Loan

Bonds for the amount of $US 1,345,000 have been drawn for redemption in the presence of a Notary Public on April 15, 1976. [illegible]

COMPANHIA PORTUGUESA DE ELECTRICIDADE—C.P.E.

7% 1966/1980 UA 3,000,000 Loan

[illegible]

THE TRUSTEE KREDIETBANK S.A. Luxembourgeoise.

Luxembourg, April 28, 1976.

NOTICE OF CONVERSION PRICE ADJUSTMENT

6¼% CONVERTIBLE SUBORDINATED SINKING FUND DEBENTURES DUE MARCH 1, 1988 OF SYNTONIC TECHNOLOGY, INC.

[illegible]

Dated: February 19, 1976.

CONTROL DATA CORPORATION NOTICE OF CONVERSION PRICE ADJUSTMENT

5% GUARANTEED CONVERTIBLE DEBENTURES DUE 1988 OF CDC INTERNATIONAL FINANCE CORPORATION

[illegible]

CONTROL DATA CORPORATION R. B. HAWKINS, Secretary.

Dated: February 19, 1976.

BARR AND STROUD LIMITED

NOTICE IS HEREBY GIVEN that the REGISTER OF MEMBERS will be CLOSED from 11th May to 24th May, 1976 inclusive. [illegible]

HORNE BROTHERS LIMITED

NOTICE IS HEREBY GIVEN that the Transfer Books of the Company will be CLOSED from the 17th to 31st May, 1976 [illegible]

By Order of the Board, R. H. L. BICKEY Secretary.

THE AUTOMOBILE ASSOCIATION

[illegible]

CONTRACTS AND TENDER[illegible]

GREATER LONDON COUNCIL
DEPARTMENT OF PUBLIC HEALTH ENGINEERI[illegible]
THAMES BARRIER PROJECT
CONTRACT 7A FOR GENERATING PLANT

The Greater London Council intends to invite tenders for the installation of the complete generating plant for the above project.

Construction of the Barrier has commenced and is due for co[illegible] 1980. The Contract for the generating plant will be awarded in 1977. The plant has to be delivered to site for erection to c[illegible] October 1979. Tenders will be invited during February 1977 and [illegible]ing period will be two months.

Firms who wish to be considered for inclusion in the list of tenderers a[illegible] invited to apply in writing before 21st May, 1976, to the Consultin[illegible]

RENDEL PALMER & TRITTON
Southwark Bridge House
61 Southwark Street
London SE1 1SA

giving an outline description of their organisation, capabilities and [illegible] On receipt of this information, the Consulting Engineers will send firms further details of the project and pre-tender questionnaire.

The Contract will comprise the supply, installation, testing and co[illegible] of three 1,500 kW turbo-charged diesel generating sets operating [illegible] volts, 3 phase, 50 Hz with crank-shaft speeds of not less than 7[illegible] not greater than 1,000 rpm. Twin banked engines incorporating [illegible] boxes will be considered but engines incorporating external gear [illegible] not be acceptable.

The sets are to be provided complete with exhaust systems, cool[illegible] starting equipment, alternator and control panels with instrumen[illegible] provision for synchronising equipment, local cable and pipe conne[illegible] tanks and pumps, and all auxiliaries.

Civil Engineering works will be provided under another Contract.

SYRIAN STORING & DISTRIBUTING COMPANY PETROLEUM PRODUCTS "SADCOP"

No. 2297/32

21

Date: 13/4/1976

ADVERTISEMENT FOR CALL OF OFFERS OF TOP URGENCY

The Syrian Storing & Distributing Co., Petroleum Products, "SADCOP" announce of their need for supply of (30) FORK LIFT TRUCKS within the following conditions:

1) Delay for Submission of Offers: Offers will be accepted until end of official working hours of Wednesday, 2nd June 1976.

[illegible]

MOHAMED NADIM HADLEH.

PUBLIC NOT[illegible]

WATFORD B.C.

£0.65m. bills issued [illegible] 27.7.76 at 10%. Total £6.45m. Outstanding £0.65[illegible]

SOMERSET COUNTY COU[illegible]

£3m. Bills issued 28th due 28th July, 1976. £1m. £2m. at 10¼%. Applicati[illegible] Total Bills outstanding £6m.

CINEMAS (C[illegible]

[illegible]

CORPORATION LOANS

TAFF ELY BOROUGH COUNCIL BONDS

Minimum £5,000

5 Years : 11¾%

6 or 7 Years : 12%

Borough Treasurer, Council Offices, Danygraig, Llantrisant, Mid Glamorgan. Tel: (0443) 223312, Ext. 4.

CONCERTS

QUEEN ELIZABETH HALL. [illegible]

PARLIAMENT

Ennals claims pay beds Bill is fair compromise

BY PHILIP RAWSTORNE

PHASING OUT the National Health Service pay beds was the only solution that would end conflict and restore a common sense of purpose to the service, Mr. David Ennals, Social Services Secretary, told the Commons yesterday.

Opening the second reading debate on the Government's Health Services Bill, Mr. Ennals said that the issue had become "a cankerous divide" which had to be resolved.

The Government's legislation struck a fair compromise, he claimed, by phasing out the pay beds at a pace which would give the medical profession time to make adjustments in the private sector. "Our policy is for the separation of private medicine—not its abolition," he declared.

Mr. Ennals told MPs that the Government's moves would result in tangible benefits for the NHS, releasing staff and resources equal to those needed to run three or four district general hospitals.

But Mr. Patrick Jenkin, the Conservative spokesman, claimed that the policy would inevitably damage the NHS and harm its patients. The service would lose £40m.-£50m.—double that estimated by the Government—as well as some of its best doctors, he argued.

Motives

Mr. Ennals warned that action by doctors against the Government's proposals involved ethical issues and the high standing of doctors would be undermined by irresponsible unofficial industrial action. The argument could only be settled democratically through Parliament, not by industrial action with patients as pawns.

Mr. Ennals said queue-jumping was one of the main motives for patients choosing to go into pay beds. The issue would remain cankerous unless the Government acted. Separation of pay beds from the NHS was the only solution that would end tension and conflict within he service.

He saw no purpose in referring the issue to a Royal Commission and it was better to proceed with the Bill.

Mr. Raphael Tuck (Lab., Watford) intervened to ask about queue-jumping in NHS hospitals. Many local dignitaries, local hospital staff and, even, perhaps, MPs had jumped the queues in State hospitals.

Mr. Ennals replied that phasing out the pay beds would mean a much greater contribution to State bed patients.

Mr. Ennals insisted that it was no part of Government policy to abolish private medicine. They wanted the separation of private medicine—a very different thing.

The Government had backed up their words by safeguards in the Bill which protected the rights of private practice by hospital consultants and general practitioners.

The Minister told MPs he was inviting the profession and the Independent Hospitals Group. A have talks on the 1,000 pay beds to be withdrawn under the Bill.

The Government had accepted the scheme of scrutiny over the control of developments in the acuts sector hospitals with more Independent Hospitls Group. A Board, assisted by assessors, would be the determining authority in development of acute sector hospitals with more than 100 beds in the GLC area, and 75 outside.

The Bill was the result of frank, sometimes acrimonious, exchanges between the profession and his Department. "Major changes have been conceded although the principles of the Bill have been absolutely unchanged.

"We now have a framework in which the phasing-out of pay beds will take place but at a pace which gives the medical profession time to make adjustments in the private sector, and which safeguards the right of private practice."

Mr. Ennals added: "There is no point in doctors and others tilting at windmills as some of those who are threatening industrial action are doing. It is time to recognise a fair compromise has been struck which should provide an enduring basis for a settlement of this divisive issue.

"Let's stop the politicking and get back to the primary task of patient care."

Mr. Jenkin said that the Bill failed to put patients before politics. "It is inevitable that the Bill will damage the NHS and harm the NHS patient," he said.

Mr. Ennals had recognised, where his predecessor (Mrs. Castle) failed to do so, that the medical professions, united to fight the Bill, were primarily concerned for the future of health care. "It is sad and regrettable but a true fact that Mrs. Castle has left a poisonous legacy of bad blood for which history will never forgive her."

Senseless

Mr. Jenkin added: "The policy in this Bill is misconceived and damaging to the NHS." It was largely irrelevant to the problems the NHS was facing.

Appealing for the pay beds issue to be referred to the Royal Commission, he said: "It is utterly senseless to proceed with legislation in advance of the Royal Commission report."

Intervening, Mr. Ennals said it would be "absurd" to postpone a decision on the issue for up to two years.

Mr. Jenkin: "I totally condemn any form of industrial action which has as its intention the coercion of Government and Parliament. . . . But the corollary must be that Government and Parliament must listen to reasonable arguments and respond to them."

Mr. Jenkin said it was "impudent nonsense" for the Government to suggest that it had carried out full consultations. If pay beds were phased out, consultants who continued to do part-time work for the NHS would have to divide themselves among different locations and this was bound to be to the detriment of the NHS patients.

"It is impossible to see how this is going to benefit the NHS patient. It must reduce the chance of his doctor being there if he is faced with an emergency."

Mr. Jenkin said the Government had made no alternative except "outright abolition of pay beds." He accused the Government of bringing in a Bill which was a "nasty, misbegotten piece of Socialist legislation."

"It would not work in the interests of NHS patients and would cost millions of pounds and do nothing to restore the morale of the medical profession."

Mrs. Barbara Castle (Lab., Blackburn) making her first backbench speech since being replaced as Social Services Secretary, thanked her successor, Mr. Ennals, for not delaying in bringing the Bill forward.

She said the doctors hoped that, if they could delay the Bill, it might go away. That was why they wanted it looked at by the Royal Commission.

But she and her junior Ministers had raised with the doctors the Government's commitment to Labour's election manifesto back in 1974.

Mrs. Castle said that intrinsically the NHS was a church—"the nearest thing to the embodiment of the Good Samaritan we have in any aspect of our public policy."

She asked what MPs would say of a parson who argued that he could only serve God properly if he had "pay pews" in his church.

She urged the Minister to resist the "siren voices" of Lord Goodman, who is organising the phasing out of the 1,000 pay beds, and the Sunday Times, pressurising him to water down the Bill still more.

Mrs. Castle claimed Lord Goodman was now "pressing his luck."

She added: "Now that I have been removed from office he is trying unilaterally to reinterpret the agreement I worked out with the medical profession through the intermediary of Lord Goodman."

The Bill represented the ultimate in compromise. "As good trades unionists, Labour MPs should not suddenly and arbitrarily cut off a source of income from anyone."

Mrs. Castle made clear she would never agree to any compromise which did not contain the governing principle that pay beds should be separated from the NHS. "When Lord Goodman says that pay beds will not be phased out in his lifetime, I do not know how imminent he expects his demise to be. . . .

"It is not for him to interpret the criteria just to win over his medical audience." The criteria were laid down in the legislation.

She gave Mr. Ennals warning about any weakening the Bill. "If you attempt to bend to pressures from the medical professions you will face some very vigorous ones from your own side."

Funeral bills for prices inquiry

CHARGES for funerals are to be studied by the Price Commission, Mrs. Shirley Williams, Secretary for Prices and Consumer Protection, said yesterday in a Commons written reply.

She told Mrs. Helene Hayman (Lab., Welwyn and Hatfield): "I am asking the Price Commission to carry out a study of the charges for funerals, including associated charges.

"I have had a number of letters on this subject from MPs and from members of the public, and I know that the bill for a funeral often comes as a shock to the bereaved and represents a considerable outlay for many people. I am sure that a study of the cost of funerals will be generally welcomed."

This study continues the programme by which the Commission is asked to investigate pricing problems of public interest and to establish the facts.

Peers agree on Ampthill title

WITHOUT a vote the Lords yesterday accepted a privileges Committee recommendation that Mr. Geoffrey Russell, 54, and not his half-brother, John, is the rightful fourth Baron Ampthill.

The decision came despite a last-ditch attempt by two Peers who wanted the matter further postponed for blood tests which, they claimed, could settle the issue without doubt.

Pay talks progress promising for pound, says Callaghan

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

PROSPECTS of a pay agreement conforming with the Government's strategy for a single-figure inflation rate have been enhanced at important meetings this week, Mr. James Callaghan, Prime Minister, hinted in the Commons yesterday.

"I think there is no doubt that if there is agreement reached—as I firmly believe there will be in the light of discussions I had yesterday and to-day on the question of wages policy—the future of sterling, which is of concern to us all, will be more assured," Mr. Callaghan told MPs.

The meetings to which he was referring were the TUC-Labour Party liaison meeting held the previous day and the meeting yesterday morning of senior Ministers at 10, Downing Street. Following these meetings, the Prime Minister had had a general talk yesterday afternoon with Mr Len Murray, TUC general secretary.

After all these activities Mr. Callaghan's response to question-time anxieties over the Government's economic policy was notably relaxed and confident.

He rebuked his critics—particularly if they were Opposition MPs—and reproached those with misgivings on the Labour side, contending that the market had "overdone it" in the faint-hearted view it had taken of sterling.

It would be wrong to neglect the market's view of sterling, he suggested. "One must always take it seriously, and I do. I have lived through it before. But the market is not infallible. It can be wrong. I believe that is so in this case, and that the market has overdone it. So I think, in this case, we shall see some change."

Mrs. Margaret Thatcher, Opposition leader, intervening in the exchanges over economic policy, said: "Bearing in mind that the pound has fallen by an average of 1 per cent. a week since the beginning of the pay limit, why does the Prime Minister put all his economic strategy on the next pay round?

"In the long run, the pound will continue to be in difficulty, and confidence will continue to dwindle until the Government gets down the rate of its own expenditure as well as the rate of inflation."

But Mr. Callaghan rejected this as too simple a view, adding the hope that Mrs. Thatcher would not lend support to a misleading argument.

The plain truth was the need for a 3 per cent. limit or a limit in the area of 3 per cent., whatever was finally negotiated, said the Prime Minister and paused to censure Tory MPs for evincing disbelief in the efficacy of the Government's activities.

Next, he rounded on the Liberals when Mr. John Pardoe, the party's spokesman on financial affairs, suggested that the country was "virtually ungovernable."

Mr. Callaghan commented that Mr. Pardoe was living up to his reputation for "extravagant utterances."

We were told that the country was ungovernable a year ago, when wage rates were increasing by 30 per cent. a year and in some cases by 40 per cent., said the Prime Minister.

"If it had been said then that we would now be discussing something in the area of 3 per cent, everyone would have said it would be a miracle. It is extraordinary how the country, by its self-discipline and its understanding of the situation, has taken the matter in hand.

"As regards the holding of sterling, the reasons for holding sterling are many and various. One is the fact that this is a stable Parliamentary democracy where people can invest and know that debts will be met.

"This is one of the major reasons why people prefer to hold their investments, their overseas holdings, here, rather than anywhere else.

"There are technical factors such as interest rates, but basically it is because people rely on this country and on its word," said Mr. Callaghan.

The Prime Minister was firm—although prepared to be persuasive—in dealing with the distrust of Labour Left-wingers over incomes policy and their pressure for guarantees against unemployment and further expenditure cuts.

When these matters were broached by Mr. Norman Atkinson, Mr. Dennis Skinner and other leading Left-wingers, Mr. Callaghan stressed that the "future of unemployment depends on the future level of inflation" and this was not a matter for guarantees.

Trade unionists were aware of this, he told the Left-wingers—with the implication that they should now rethink their views.

"It is because trade unionists are aware of the real interests of their members that they are now so desperately keen to secure an agreement which will reduce inflation," he added.

Investment upon which a sensible return could be expected was the way back to full employment, the PM told Mr. Atkinson. "Not by transferring more and more jobs to the public sector," he added amid shouts of "Hear, hear," from the Tories.

The public sector had a part to play, Mr. Callaghan acknowledged, but he could not support further Left wing contentions that this sector could provide an extra million jobs in the next four years.

PM backs Kissinger

THE PRIME MINISTER yesterday threw his weight behind U.S. Secretary of State, Dr. Henry Kissinger's efforts to find a solution to the Rhodesia problem.

During Commons questions, Mr. Callaghan had been urged by Liberal spokesman, Mr. David Steel, to support Dr. Kissinger's "blunt and constructive approach to the issue."

Mr. Callaghan replied that Dr. Kissinger's speech that day on his African tour, should commend itself to Europeans in Rhodesia. This was not because the Government, as far as the future of the Europeans was concerned, wanted to be vindictive, but because this was the best way they could hope to have a long-term future in their country.

Mr. Callaghan added: "That is recognised more by Africans in Rhodesia than by Europeans. I hope the weight of Dr. Kissinger's words will now get through to the Europeans."

Willis wins Lords vote for authors' Bill change

BY JOHN HUNT

THE GOVERNMENT was defeated on the Public Lending Right Bill in the Lords last night when Lord Willis, the Labour Peer, successfully forced through an amendment extending the legislation to cover works such as records and cassettes.

In is original form, the Bill only provided for payment to authors whose books are loaned out from public libraries.

The amendment, which was passed by a majority of six (63—57), during the committee stage, includes "works" as well as books.

Lord Willis, the playwright and TV scriptwriter, argued that in consultations with authors' organisations, a clear undertaking had been given that the Bill would cover "works." There was a growing use of cassettes and records from public libraries, he said.

From the Opposition front bench, Lord Elton complained that the Bill did not give a definition of "book." He wanted to know whether a pamphlet or a paper-back would be regarded as a book under the Bill.

Lord Donaldson of Kingsbridge, the new Minister for the Arts, urged the House not to support the amendment. He pointed out that there was a limited amount of money available under the Bill and, in these circumstances, it would be a mistake to pursue the point.

He gave an assurance that the matter would be looked at again and said that the legislation could be amended later when more money was available. But Lord Willis would not accept this "pessimistic" reply and forced a division.

An amendment proposed by Lady Kinloss to include reference books in the Bill was withdrawn after Lord Donaldson promised to look at this point again.

Pension funds pledge

FINANCIAL TIMES REPORTER

MEMBERS OF pension funds ought to have a greater say in the investment of their own money, Mr. David Ennals suggested in the Commons yesterday when he made his first Question Time appearance as Secretary for Social Services.

He had been pressed by Mr. Kenneth Clark (C., Rushcliffe), from the Opposition front bench, to give an assurance that any idea of the Government interfering in the commercial and other judgments of fund managers would be rejected.

"We will always give first priority to the interests of the members," said Mr. Ennals.

Replying to Mr. Robert McCrindle (C., Brentwood and Ongar), he said the question of improving pension schemes in the light of the next phase of the voluntary incomes policy, now under discussion, was basically a matter for Mr. Denis Healey, Chancellor of the Exchequer.

Call for lower retirement age

THE GOVERNMENT should set a ten-year target for reducing the male retirement age to 60, Mr. Gwilym Roberts (Lab., Cannock) said in the Commons yesterday.

He declared: "It is quite deplorable, in a period when sex equality is urgent, that we are not prepared to move at all."

But Mr. Stanley Orme, Minister of State, Social Services, warned that the net cost of reducing the male retirement age to that of women, would be over £1bn.

Mr. Orme added that the ratio of people of working age to people of pensionable age, was now no more than three and a half to one. Reduction of the male retirement age to 60 would bring it down to below three to one.

Mr. Robert McCrindle (C., Brentwood and Ongar), argued: "In the interests of true sex equality, the Government should be reducing the retirement age for men to 64½ while raising the age for women to 60½."

"By working gradually in six-month instalments both men and women would eventually retire at 62½. "What possible objection could women have to that?" he asked.

Mr. Orme told him: "You may find that some women would object most strongly." It did not meet the point of increased costs that the Government had to face.

MP fights rail ban

A BID is to be made to amend the Order which, from July 1, bans the transport of racing pigeons on British Rail.

Mr. Neil Kinnock, Labour MP for Bedwellty, disclosed this in a letter yesterday to Sir Richard Marsh, chairman of British Rail. He said: "I have been approached by pigeon fanciers in North and South Wales who wish to register the strongest possible objection to the Rail Board decision to withdraw these facilities."

He realised that the decision had been prompted by the necessity of complying with the Transit of Animals (General) Order 1973.

LABOUR NEWS

CPSA leaders will urge rejection of 3% norm

BY CHRISTIAN TYLER, LABOUR STAFF

LEADERS of the biggest Civil Service union, the Civil and Public Services Association, have joined the growing list of those rejecting the Chancellor's idea of a 3 per cent. pay norm after July.

They have framed an emergency resolution for their annual conference next week inviting delegates to say no to 3 per cent. but leaving vague the question whether the union should continue its opposition to pay restraint in general.

Members of another white-collar union, the Association of Professional, Executive, Clerical and Computer Staff (APEX) will be urged at their conference the following week to accept the Budget offer a pay limit in return for tax cuts.

This comes in an emergency resolution from one London branch. The APEX executive says it will back the Government's economic policies. Mr. Denis Healey, Chancellor of the Exchequer, will be addressing the conference on Monday week.

Reversal of CPSA pay policy could depend on whether the TUC looks likely to extract fringe benefits from the Chancellor in the form of promises of action on unemployment and the public expenditure programme. These items are mentioned in the national executive's emergency resolution.

At the same time, the conference will be debating a call for the present opposition to incomes policy to continue.

The CPSA conference is likely to be marked by much political infighting following a series of court appearances involving Mrs. Kate Losinska, p[...] the union and the executive.

Mrs. Losinska is st[...] re-election and has s[...] cessfully prevented publishing circulars resolutions which ce[...] for attacking Left[...] tremists in a Read[...] article.

A blank page in t[...] ence agenda publishe[...] marks the removal branch resolutions, ir[...] a High Court injunc[...] other resolution, aski[...] investigation has bei[...] to stand.

To-morrow and on union's executive is a[...] the court to have the removed and the res[...] instated.

Praying worker loses appeal

By Our Labour Staff

A MOSLEM priest working as a labourer, who was sacked for praying to Allah while at work, had his appeal against unfair dismissal rejected yesterday by a tribunal in Nottingham.

Tribunal chairman, Mr. Michael Coulson, ruled that the complaint from Mr. Abdul Rashid that he had been unfairly dismissed must be rejected. "There is no suggestion that the dismissal had any connection with racial or religious discrimination," he said.

"The firm acted reasonably in deciding to dismiss Mr. Rashid. It is unfortunate, but short of creating a special job for him there seemed to be no way round the dilemma."

At an earlier hearing, the tribunal was told that Mr. Rashid, who lives in Nottingham, lost his labouring job with an engineering company because he downed tools twice a day to pray for periods of up to 30 minutes.

The company, Metallifacture, of Redhill, Nottingham, claimed that it had warned the man repeatedly against praying during working hours.

Mr. Bert Tabreham, works manager, said that pieceworkers found their supply would dry up while Mr. Rashid stopped to wash his feet and pray. They had not been similar difficulties with other Pakistanis.

BSC fears 'chain reaction' disputes from tinplate stri[...]

BY DAVID CHURCHILL, LABOUR STAFF

THE British Steel Corporation admitted last night that the strike by 900 skilled maintenance workers at its Ebbw Vale, South Wales, tinplate plant might set off a chain-reaction of disputes elsewhere, threatening BSC's hard-won agreement on economies and manning levels.

All tinplate production at the plant stopped yesterday and the BSC said that unless the strikers returned it would begin to lay off the 6,000 other workers on Saturday.

Ebbw Vale produces about a third of the country's tinplate—about 10,000 tonnes a week—and if the strike continued it will hit Britain's canning industry.

Metal Box, which has about 70 per cent. of the U.K. market, said last night that it had six to eight weeks' stocks in hand and so would not be immediately affected by the strike.

The 900 fitters and toolmakers walked out on Monday after they claimed management had failed to honour an agreement under which 12 workers would be paid for an Easter Monday shift that they refused to work lack of supervision.

The strikers halted last week and they agreed last Saturday to work pending fu[...] with management.

Mr. Graham Healy, [...]venor of the Ar[...] Union of Engineerin[...] said last night that [...] were "very bitter" company's "broken p[...]

The strikers were [...] meet again until Satu[...]ing, just before th[...] threatening lay-offs.

The management maintains that the dispute is really over [...] opposition to the ec[...] introduced to make t[...] tin competitive and [...]

The strikers claim[...] the agreement last [...] economies, they ha[...] costs by as much as the £3,400 a week ta[...] the BSC for this grou[...]

Thus they have p[...] new proposals to th[...]ment to return to no[...]ing and have aske[...] AUEW officials to hel[...] their claim.

Pay 'rights' opposed by managers

By Our Labour Staff

OPPOSITION to any form of pay policy that gives workers pay increases as a "right," has come from the 17,000-member Institution of Works Managers in a letter to Mr. Denis Healey, Chancellor of the Exchequer.

The Institution, whose members are responsible for about 3m. workers in manufacturing companies, feels that any pay increases must be linked to improvements in productivity, especially in exporting companies.

A conference of about 80 senior members of the Institution decided to write to Mr. Healey because they felt that existing pay policy provided no scope for improving productivity.

Moreover, the "giveaway" increases in the present pay policy—where £6 a week rise was considered a right, not a maximum—led to increased inflation, they claimed.

Instead of a normal pay rise the Institution suggests that there should be a complete freeze on pay rises but, instead a reduction in income-ax to boost take-home pay by about £3 a week.

The Institution believes that the only exception to this "freeze" should be where companies improve their exporting performance. It suggests that a 1 per cent. addition to the wages bill could be granted for every 5 per cent. of a company's sales that are exported.

Such a scheme would give employees the incentive to become export-minded because "exporting is more demanding in terms of factory performance, specifications and standards than the home market."

Institute of Journalist[...] wins its certificate

BY OUR LABOUR STAFF

THE INSTITUTE of Journalists has been given a certificate of independence under the Employment Protection Act in spite of an objection by the much bigger National Union of Journalists.

The NUJ's pursuit of closed shops in newspapers has led it into sharp conflict with the Institute, whose members among senior editorial staff and editors have on occasion produced newspapers when NUJ members were on strike.

In spite of its hostility, the NUJ has been unsuccessful with its objection that the Institute is not a "proper" trade union, failing to make the case in front of the Certification Officer it often makes in newspape[...] that the IoJ is "pro-m[...] and its members "fre[...] wage agreements.

A certificate establi[...] union is not prone [...]ment interference or [...] allows it full re[...] Employment Protecti[...] visions helping union[...] recognition claim [...] employers.

Among other unions [...] certificates is the Association of Licen[...] Managers, which has [...]sidering merging with big TUC unions and pursued most keen[...] Transport and Gener[...] Union.

USDAW will confron[...] Boots on unionisation

BY IAN HARGREAVES, LABOUR STAFF, IN BLACKPO[...]

THE UNION of Shop, Distributive and Allied Workers prepared the ground yesterday for a show of strength against Boots this year if the company persists in its lukewarm attitude towards unionisation of its retail staff.

A resolution was adopted unanimously by USDAW's Blackpool conference requesting the union "to enlist any support needed of the Boots industrial membership to ensure the granting of adequate facilities for recruiting into union membership the staff at all Boots stores within the next 12 months."

USDAW has reached a closed-shop agreement for its members at the four Boots warehouses in Nottingham, Airdrie, Heywood and Aldershot, and the suggestion yesterday was that industrial action by these members could be used to impede supplies of goods to stores where management is balking at [...] attempt to recruit ret[...]

Lord Allen, genera[...] of the union, said tha[...] talks senior Boots o[...] described their at[...] unionisation as neutra[...] have to appeal to th[...] judgment to take a mo[...] and far-seeing attitu[...] show less of this strict posture and more of a[...]ing posture," he said.

If USDAW succeeds [...]ing Boots into allow[...] opportunities for unio[...]ment the prize would [...]tial, with a potential [...] membership runnin[...] thousands.

It was evident from [...] Lord Allen's appeal to [...]pany that he hoped th[...] ference's sabre rattling enough to produce a [...] heart.

Problems of worker director[...]

BY MICHAEL BLANDEN

INTRODUCTION of compulsory employee representation on company Boards would present special problems for the financial sector, it is argued by the City Company Law Committee in evidence to the Bullock Committee, on industrial democracy.

The Committee, which brings together individuals from all the main sectors of the City, says that special treatment would be required for companies in the financial sector.

Among the problems which would arise, it says that a special effort would be needed to avoid damage to the international business of U.K. banks and insurance companies and to overseas confidence in their stability.

Pointing out that in many companies a large number of employees are not union members, the Committee also says that it is particularly important in financial institutions for employee representatives to be elected from among employees of the company, rather than as union nominees.

If compulsory employee representation were imposed by law, the Committee says that in the financial sector the representatives should sit on a supervisory Board with functions limited in such a way that information about customers' affairs did not come before it.

The Committee also draws attention to the problem of the large international financial institutions with considerable numbers of overseas employees.

Strict rules

It sets out a series of objectives which should be met by any scheme for employee representation in the management of financial companies, administrative flexibili[...] cient degree of profit-[...] and strict rules to e[...] appropriate measure [...] secrecy—including mac[...] remove from the su[...] Board members who br[...] rules.

The Committee reite[...] general conclusions it [...] its first report on e[...] participation published [...]

This report did not [...] the mandatory introd[...] two tier Boards in the [...] their own sake and o[...] legal requirement for c[...] to have employee dir[...] present.

If a legal requirem[...] introduced, however, [...]mittee believes that representation should b[...] a two-tier Board syster[...]

هكذا أصحاب الأعمال

e Executive's World

EDITED BY JOHN ELLIOTT

RD CHARTERED BANK

he exports a bank counts on

The commodity which a bank sells abroad is less easy to appreciate than that of a manufacturing company. Nicholas Leslie describes the products and management of the Standard Chartered Bank, which last week became one of only three banks to have won the Queen's Award for Industry for export achievement.

Vednesday morn- gold flag denot- mpany had been teen's Award for levement was the entrance Chartered Bank ane, in the City is was only the ik had won since iust manufactur- became eligible Award in 1971. arclays Bank, in e second was ell, one of the nerchant banks,

on raised by the and what a bank rts." After all, understand what ufacturer sells exportable com- ik is less readily And the question more relevant Chartered given ly, it is one of based overseas business, estab- ys when Britain was until more most totally out- argely in Africa st. At home, all network tak- s in such cities Glasgow, Leeds, Manchester, it r presence only ig Sir Julian ial empire. The for £36m. in .

nts

inately not pos- ecise about what Standard Char- achievement for the award since which makes the sufficiently pre- r, the official referred to the network, branch growth of busi- nt activities. But an be given as to company receives ard for earning ige to help im- balance of pay- . The level of vidends remitted m overseas com- nches is a factor, nt to which the "sell" its exper- itation overseas. , it is necessary pany qualifying substantial im- its export per- year and at least vel the following going into more detail, it is helpful to look briefly at the structure and development of Standard Chartered, which is currently headed by Lord Barber, the former Tory Chancellor of the Exchequer.

The company is an amalgam of four banks, the two largest being the old Standard Bank of British South Africa, founded in 1862, and the Chartered Bank of India, Australia, and China, formed even earlier with the granting of a Royal Charter in 1853. To-day, its operations span the world—the Far East, most African countries, the Middle East, Europe and North and South America. It has 1,500 branches in 60 countries and its inherent strength stems from its retail banking activities. These comprised its major business prior to the Second World War, a period when banking operations and the management of them were, by to-day's standards, relatively simple.

Control pre-war lay largely in the hands of London management which, for example, would decide on what agricultural crops would be funded in different African countries. Since the banks' business was carried on in countries where sterling was the major currency there was a lending pattern whereby, after funding a crop in East Africa, cash would then be transferred to finance Rhodesian crops and the same situation would then follow in South Africa.

To-day, while local managements have far greater autonomy, the previous freedom to transfer funds has been curtailed by each territory developing its own exchange control and other regulations and with liquidity requirements being set down by the central banks or governments of different countries. Thus, it is seldom possible for the surplus funds of the overseas offices to be lodged in London.

The present management pattern allows local branch managers to run their own deposit taking and lending together with other services such as accounting according to the regulations of their own country and within the policies set down by the Board in London. However, there is also an executive in London which guides the total business and this includes general managers responsible for different territories who have to be referred to by a local manager if he wants to lend a sum above his discretionary limit which vary. This applies both to larger loans in local currencies and to Eurocurrency loans. Through an executives' committee such things as profit and liquidity ratio performances are monitored and, if necessary, a stop is applied on certain types of lending if it is felt that too much money is being invested in some particular area of industry.

The reference period by which Standard Chartered's performance was judged for the award was the two years to March 31, 1975. In that time, pre-tax profits rose from £39.5m. to just over £71m., with the major part of its earnings coming from overseas. But while that is the type of performance which wins awards, the constituent parts of the "export" performance need explanation.

Subsidiary

The sort of figures which Standard Chartered had to disclose on its application form were the total amount remitted to the U.K. in terms of dividends from subsidiary companies and earnings from branches.

Other figures included revenues earned by the U.K. branches and the international division from a variety of services to non-resident customers and for commissions and charges for handling export documentation for companies both in the U.K. and overseas. The group has evolved what it feels is a successful method of marketing its services to exporters and others based upon a skilled and export-oriented service available at the U.K. branches.

What does not count, however, is the interest earned on loans—be they onshore in local currency or offshore in Eurocurrency—organised by the U.K. international division or the Singapore Asian currency unit. Here, the figure which counts is the fee which is earned in the U.K. for arranging the loan, although ultimately the interest on the loan will show through partially in the profits of the branch in question. So, fees for arrangement of finance—and a substantial increase in such business has been seen in the past few years—or for advice are an element in winning an award.

Two interesting items which were outlined on the application form were the structure of the bank's staffing around the world and its staff training activities. The first highlights how complete has been the change, particularly in recent years, in staffing arrangements. While in the past management has been vested in British expatriates, there are now only 500 such expatriates around the world out of a total staff of around 35,000. The most rapid transition in the handing over of management control to local nationals has been in Africa, an area where there has also been a speedy transition from a traditional branch network to the incorporation of local companies in which Standard Chartered of ten has a controlling stake but which allows the local population a shareholding. On training, Standard Chartered has taken sizeable steps forward. Following the merger of the old Standard and Chartered Banks in 1970, a personnel division was set up to co-ordinate activities throughout the world to achieve a uniformity of purpose and practice. This led, for example, to all expatriates signing a common agreement with Standard Chartered. Training centres have also been set up in different parts of the world to ensure that local aspirations could be catered for by creating the necessary job opportunities.

In outlining its staff training and innovation in its application for an award, Standard referred to this type of practice, together with the fact that most of its specialist staff, such as foreign exchange dealers, are all internally trained rather than brought in from outside.

This is very different from the time the Chartered Bank was set up to "foster and encourage trade and industry, to promote the highest standards of financial probity and commercial integrity and to assist in the reform of currency and banking systems." But it would no doubt feel that such aspirations are still very much in mind. Although associated mainly with the Far East and Africa, the two constituent banks have been developing business in Europe and America since the turn of the century, branches in Hamburg and New York having been set up in 1902 and 1905 respectively.

Eastern

In addition to a continual build-up in the number of its branches, the Chartered Bank expanded through the purchase of the Eastern Bank in 1957, giving it business in the Middle East: to-day it has virtually all the Gulf State goernments as customers, while going further east the bank has the distinction of being one of just two foreign banks in the People's Republic of China.

The Standard Bank also expanded through acquisition by buying the Bank of West Africa in 1965 to give it branches in Gambia, Ghana, Nigeria and Sierra Leone. The merger of Standard and Chartered has done nothing to slow the progress. Although it loses some branches through political manoeuvres in some part of the world from time to time, openings of further branches continues and in the 1973-75 reference period the number was increased by 134, including five on the Continent of Europe.

A TEXAS JOURNEY

Exploding the myth of group management

BY MICHAEL DIXON

THE SUNDAY afternoon when Jerry Harvey, his wife Beth, and his parents-in-law went to Abilene, Texas, will probably prove to be a critical time for management theory. For the experience of that trip led Harvey—an associate professor of management at America's George Washington University—to discover a new principle of *managerial stupidity* which surely ranks with Parkinson's Law that work expands to fill the time available.

Psychologist Harvey and the others began that Sunday afternoon sitting on a porch in Coleman, sheltering from a dust storm and coping with a temperature of 104 degrees by basking under a fan, sipping iced lemonade and languidly playing dominoes.

Yet when the father-in-law suggested that the four get into a car without any air-conditioning and make the 106-mile round trip to Abilene to eat in a cafeteria, they all readily agreed.

Unbearable

The plastic meal in the cafeteria was almost as unbearable as the drive. So on their return to Coleman, it was not long before recriminations started. They took turns to declare that the trip had been the last thing they personally wanted, and that they had agreed to it only because the *others had seemed keen to go.*

Pondering the phenomenon of four reasonably sane people readily resolving to do something unreasonable, Jerry Harvey realised he had stumbled on a universal "law" of group behaviour, and forthwith entitled it The Abilene Paradox. In rough terms, it could be stated as: "People in groups tend to agree on courses of action which, as individuals, they know are stupid."

Nowadays, when under the banner of participation more and more decisions are being referred to groups of one sort or another, a good many people will be tempted to liken Jerry Harvey to the little boy who concluded that the Emperor had no clothes on. But there is a difference between them. For all that we know, that perspicacious child could have died immediately after making his scandalous remark, without uttering another word. But Jerry Harvey has followed his discovery by seeking to explain the lemming-like trait of group behaviour.

His explanation is deep and detailed. Roughly, however, he suggests that when in a group the individual tends to become mainly concerned about avoiding conflict with the other people—or interests—involved. In these circumstances, the emphasis of the management process tends to be on abating potential conflict, instead of on reaching agreement on a course of action that is sensible and practical.

This process tends to be counter-productive, of course. For if—as often seems to be the case—the decision is neither sensible nor practical, the result is inevitably an "arrival in Abilene" when the conflict the group was seeking to avoid breaks out with added fury.

In trying to apply the lessons of his discovery, Harvey is especially concerned with organisation development.

One apparently common belief among organisation-developers is that their aim must necessarily be served by the practice of team-building. And this belief gets right up Jerry Harvey's Texan nose.

Surely, he told a meeting of the American Organisation Development Network recently, it is abundantly clear that the members of many teams which have been built, really agree on only one thing. It is that "they don't want to work together, can't work together and have no reason to work together."

In such instances, assuming that the aim of management should be to reach some sensible and practical decision, what the organisation needs is not team-building, but team-destruction.

Another proclivity of organisation development which Harvey's thinking leads him to attack as a myth is *the belief* that the general tendency towards conformity among managers of big concerns is the result of organisational pressure causing the managers to conform against their own free will.

The Texan doubts this. The pressure to conform, he apparently thinks, is not some inevitable outcome of the state being organised.

The suffocating conformism could well be another of the eminently avoidable results of the Abilene Paradox—that of individuals finding it comfortable to use the notion of group consensus to dodge the risk of acting on their own considered *opinion.*

Painful

The great danger of conclusions such as those Jerry Harvey has derived from his painful Sunday afternoon outing is that they might lead to a general acceptance of an over-simplified view of the management situation. But it is nevertheless hard to avoid the thought that "Abilene-and-after" does offer a potential explanation of a phenomenon which numerous management theorists—often from the relatively high job security of academia — have continually *observed.* It is that a great many working managers spend their professional lives hanging on determinedly to things that they do not want.

If this is so, then Harvey *has also offended* the organisation developers guidance towards overcoming this same debilitating problem.

Another of the myths that he believes organisation developers believe in—and they and their clients "die by"—is that people are resistant to change. This is not so, he told the American conference. What they are resistant to is being punished, and human resistance to punishment is something that no consultant can, or should, help people to overcome.

"Consequently," he told his audience, "I suggest that we forget the concept of resistance *to change, and search instead* for those conditions in an organisation which make change rewarding or punishing."

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

Notice of salary reduction

If an employee is paid monthly, is he entitled to a month's notice of a cut in his salary? Similarly if under the Employment Protection Act he is entitled to 12 weeks' notice of dismissal, is he entitled to the same notice of a salary reduction?

The employee would be entitled to such notice of the reduction as he is entitled to of termination of his contract; for the technical position is that his contract is terminated and a new contract substituted. In the absence of a written contract the position should be recorded in the statutory notice of conditions of employment under the Contracts of Employment Act, 1972. The statutory periods of notice (where there is no agreement for longer notice) is for one to eight weeks' notice (depending on the period of past employment) once there has been a period of 13 weeks' employment.

Account closed by group

I am a small grocer and a shareholder in a buying group, by which I have been advised that as my account is uneconomical, they propose to close it. My suppliers have been notified of this, which has harmed my reputation. Have I any redress? As a shareholder, can I prevent the group from closing my account?

Unless you have a written contract with the group which requires them to continue to supply you, your only remedy would be as a shareholder. Here again you have no particular remedy if there is no provision in the Articles of Association which requires the company to supply to a member. Your sole recourse then is criticism of the Board in general meetings of the company. For this to be effective you would need to muster support from a number of other shareholders who are willing to attend meetings of the company.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

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WEDNESDAY, APRIL 28, 1976

New U.S. line in Africa

DR. KISSINGER'S current visit to seven African states is, in his own words, designed to usher in a new era in American policy towards Africa. The visit is Dr. Kissinger's first to the continent, and has quite clearly been prompted by official Washington's sudden realisation that, in the wake of the Angolan war and Soviet intervention, Southern Africa has a strategic and political importance which the U.S. administration can no longer afford to ignore, as it has largely done in the past.

Thus, yesterday's speech by the U.S. Secretary in Lusaka, described by his own officials as the keynote address of the tour, is of very considerable significance. It has already been welcomed in broad terms by Mr. Callaghan, while President Kaunda of Zambia, where the speech was made, has hailed it as being of "paramount importance."

American support

The key elements of the speech are that Dr. Kissinger has unequivocally stated American support for majority rule in both Rhodesia and Namibia (*South West Africa*). *He has* specifically endorsed British policy, as outlined by Mr. Callaghan on March 22, of a transfer to majority rule in Rhodesia within two years of *a successful conclusion of negotiations*; he has committed the Ford Administration to putting its weight behind a repeal of the Byrd amendment—which allows the U.S., in contravention of *mandatory U.S. sanctions* to import chrome from Rhodesia; and he has implicitly said that South Africa must bring Swapo, the main Namibian nationalist party, into its talks on the *future of that territory*.

All these commitments will be welcomed in Black Africa, as will Dr. Kissinger's reminder to South Africa that it can only gain international acceptance by doing away with the "institutionalisation" of race separation. So too will African states welcome the U.S. offer of aid to Mozambique to help it overcome the costs of imposing sanctions on Rhodesia, while Dr. Kissinger's low-key treatment of Soviet bloc involvement in the continent seemed especially tailored not to offend African susceptibilities. But if Dr. Kissinger's principal aim is actually to try to influence events in Africa, now and in the future, then his statement may leave something to be desired. One object of the current visit is clearly to convince African leaders of American bona fides in Africa, particularly in the wake of Angola.

The main criticism of the "new era" policy on Rhodesia likely to be made by African leaders was implied by Dr. Kaunda, who in response to Dr. Kissinger's emphasis on the need for a peaceful solution, declared that the time for a peaceful settlement had gone—guerilla action was the only option. Outright U.S. support for guerilla action was not to be *expected: but there will no* doubt be disappointment in Lusaka and elsewhere in Africa that Dr. Kissinger apparently failed to show some understanding of the lengths to which *African governments*, and the nationalist leaders of Rhodesia have already gone to negotiate with Mr. Smith. That failure, not a desire for war for its own sake, is what has driven them to despair of further negotiation.

Byrd amendment

More broadly, it looks probable that Dr. Kissinger's speech has come too late to have any great influence on events in Rhodesia at this particular stage. The time to lend American weight to a peaceful solution would have been 18 months ago, when the African states and South Africa between them were endeavouring to persuade Mr. Smith to negotiate with Rhodesia's black nationalists. The main weapon Dr. Kissinger has offered—the repeal of the Byrd amendment—would certainly have an economic effect on Rhodesia, but although there is theoretically no reason why the issue should not be resolved by Congress before its summer recess in June, implementation of his promise may prove difficult in an election year. But even if Dr. Kissinger has been unable to go as far as Black Africa would like, he has gone some way to restore the confidence of African leaders in American good intentions.

Reassurance is badly needed

THE Health Services Bill, which came up for its second reading yesterday, has already created *such* an uproar that, *despite* the concessions to medical opinion which it now contains, it is likely to take further the demoralisation of the medical profession and of the National Health Service *unless* Mr. *Ennals* makes a much greater effort than his predecessor to provide reassurance about the Government's ultimate intentions. The issue of withdrawing pay beds from *the* National Health Service has been rendered less acute by making withdrawal (after the first 1,000, which it is widely agreed are unnecessary) contingent on the approval of a Health Services Board which will have to be satisfied that alternative accommodation is available.

Certainly there ought to be more room for detailed discus*sion about the particular 1,000* private beds which are to disappear at the outset. More important, there ought to be more detailed negotiation about the composition of the Board *and its objects, particularly* where the licensing of private hospitals is concerned.

A compromise

But it is by no means clear that the Government or the responsible Minister, squeezed between the conflicting demands of those who wish to abolish private medicine altogether and the majority of senior doctors who are determined to fight to the end for it, can find a compromise which is acceptable to both. Whatever the merits of the compromise which has so *far been achieved—it has not* put a stop to suspicion about the Government's ultimate intentions. Nor is it certain that the establishment of a licensing Board with a composition and a remit acceptable to the majority of hospital doctors would immediately heal the splits in the profession and the NHS.

For one thing, the nature of the Board could always be altered by subsequent legislation. For another thing, the medical *professions* — which have always shown a considerable, if understandable, interest in the politics of medicine—are now divided into so many associations with conflicting *objectives that principles are no* longer so clear or so readily negotiable as they were in the days when it was a simple case of a Labour Government versus the British Medical Association. Everyone involved is to some extent at war with everyone else.

Spending priorities

Although this multiple fracture *is obviously due to some* extent to a conflict of ideology in which particular practical issues tend to become submerged, it may also be partly due to other weaknesses in the NHS—notably the reorganisation of the nursing service, the past failure to train an adequate number of doctors at home, and the need to curb the growth of public expenditure. The NHS is particularly vulnerable to such curbs since, as Mr. Enoch Powell has constantly pointed out, the potential demand for its services is unlimited. Those who advocate the abolition of private *medicine, though mainly* moved by egalitarianism, argue that it would tend to strain the resources of the NHS still further.

This is unlikely to be true, *since the relative numbers in*volved are so small and likely to remain small unless measures like the present Bill render the NHS much more unattractive than it is now. But the more extreme proponents of both ideologies now seem to have shifted their ground and to be arguing that the main fault of the NHS is that not enough is spent on it. While the country continues to live beyond its means, their logical course—and the best way out of the present mess—is to join forces and argue for a better sense of *priorities in public expenditure.*

Ray Dafter explains why no U.K. company could match German prices for BP's North Sea oil.

Britain joins oil exporters

THE EXPORT of North Sea crude oil to Germany this week is significant more for what it promises than achieves in the short term. The oil—some 5,000 tons from British Petroleum's Forties Field—is the first consignment to be sold abroad. So Britain joins the privileged ranks of oil exporting countries, a fact acknowledged by Mr. Anthony Wedgwood Benn, Energy Secretary, as a "milestone" in the exploitation of a key national resource.

And yet the quantities and values involved are a drop in a bucket when viewed in the light of Britain's balance of payments deficit. BP has indicated that it might export about 400,000 tons, worth some £20m. at present prices, up to the end of July. As with the first consignment, due to be shipped from the company's Firth of Forth export terminal to-morrow or Thursday, the oil is almost certain to go to BP affiliates on the Continent: certainly in Germany but quite possibly in Sweden, the Netherlands and France.

Started as a trickle

On the other hand Britain's imports of crude oil and products is running at about £3.8bn. a year. North Sea oil, which began to trickle from the Forties Field and Hamilton Brothers' Argyll Field last year still accounts for less than 10 per cent. of Britain's internal need. In March, for instance, North Sea production amounted to some 460,000 tons, just over 8 per cent. of internal consumption although with Forties production building up and a number of new fields coming on stream, the situation should be much healthier by the end of *the year. Latest Government* estimates suggest that British offshore fields could be producing at the rate of 15m. to 20m. tons a year by December, meeting perhaps 20 per cent. of *domestic requirements.*

Inevitably this poses the question: Why should BP want or be allowed to export home-produced crude at a time when import requirements are so high? It is a point likely to be raised by Left-wing MPs over the next few weeks.

The fact that Mr. Benn and the Government have given their blessing to the initial Forties Field exports is seen by the oil industry as an encouraging sign that Whitehall has recognised the particular requirements of the U.K. oil industry. Here lies the significance of this week's exports.

In general North Sea crude oil is of a high quality, fairly light and containing a small amount of polluting sulphur. Hence it is a premium crude on a par with oil produced in Nigeria or Libya. The price of North Sea oil *is still a closely* guarded secret but it must be appreciably more than the Arabian light "marker" price of $11.51 a barrel. As a yardstick the Nigerian Government is selling its crude to producing companies at between $12.58 and $12.84 a barrel.

The premiums for light, low-sulphur crude have inevitably eased in *the face of reduced* worldwide energy demand but they still make it worthwhile for British companies to export North Sea oil and to import lower-priced heavier-grade fuel.

Large quantities of imported heavy crude, such as that produced in the Middle East, will still be needed even when Britain attains that longed-for energy self-sufficiency in 1980 or so. This is a point repeatedly emphasised by the oil industry and one obviously accepted in principle within Government. However, the eventual ratio of home produced oil to imported crude is still the subject of argument and debate.

The oil industry points out that the present refinery mix in Britain is about 20 to 25 per cent. low sulphur crude to 75-80 per cent. lower grade oil. The strong demand for heavy fuel oil in the U.K. is a major factor behind this ratio.

The mix could well change over the next few years as perhaps manufacturing industry switches to other fuels or new legislation is introduced to lower sulphur emission levels. (New EEC legislation covering the sulphur content of distillates and fuel oil is currently being drafted in Brussels although Britain could argue that with its high stack policy and the offshore winds the problem is less pressing than in some other countries on the Continent.)

But even assuming that Britain requires 35 per cent. low sulphur crude—a figure quoted by a leading oil analyst yesterday—it cannot avoid becoming an oil trading nation.

Indeed, taking the analyst's *figures further, it is foreseeable* that by 1981 Britain will still need to import 1.1m. barrels a day of high sulphur crude. If the pound keeps slipping against the dollar further pressure will be put on the balance of payments and the need for Britain to export as much premium crude and oil products as possible will be even greater. As the pound stands, oil companies have had to face a £270m. a year increase on their crude oil import bill since November last.

The trading flexibility which will be allowed by Government to North Sea oil companies has largely been an unknown factor; indeed recent Government statements of intent on this point have been unclear and, in some cases, apparently contradictory. Mr. Ray Willmott, a Permanent Under-Secretary at the Department of Energy, unwittingly set the cat among the pigeons when he spoke to members of the American National Petroleum Refiners' Association just under a month ago. He said that the Government wanted to see up to two-thirds of North Sea oil production refined in the U.K. Furthermore, Britain should be self-sufficient in refined products such as naptha—the raw material for chemicals—and petrol.

Mr. Wilmott added that while the Government hoped to achieve a voluntary agreement to meet these aims it would take "direct measures" if needed—a veiled threat which did not go down too well with the oil industry.

It was not long, however, before Mr. John Smith—in his past capacity as Minister of State at the Department of Energy—was reassuring the companies. Enough of North Sea crude would be kept in Britain to meet the domestic need for light, low-sulphur crude, he said. On the face of it, this was what the oil industry had been arguing for.

In considering its stance on the export of North Sea crude the Government is anxious to ensure that oil companies do not sell British oil at below market prices. It is mindful that a good deal of intra-company trading *will take place. Most, if not* all, of the initial export shipments of Forties Field oil will be bought by BP affiliates on the Continent, for instance. Once the major Brent Field starts reaching near-peak flows, Shell and Esso will probably want to supply their associated companies.

Mr. Wilmott was explicit when he commented that there was a temptation for oil companies to treat North Sea oil as a marginal supply and price it accordingly. This would mean a loss of tax revenue (taxes are based on well-head price) and a loss of foreign exchange. The Government is also concerned that the recent State participation agreements signed with a number of offshore operators could be undermined by such action. The British National Oil Corporation has an *option to buy crude from* those agreeing participation terms at "market price."

The Corporation's interest in exports and export pricing is no accident: it has a direct responsibility for overseeing offshore activities (through participation agreements) and for becoming involved in refinery projects. Although it is still in its infant stage, the Corporation has already been in talks with oil companies which could lead to a direct State presence in the management of one or more oil refineries.

If the Corporation fulfils its long-term ambition of venturing downstream in the oil business, it could well influence British refinery policies; perhaps suggesting changes in the product mix to favour North Sea oil. The industry is fully aware that, as yet, the State oil undertaking has no direct outlet for all the oil on which it has secured options.

The Government's policy has yet to be spe[...] Oil companies, alread[...] with up to 40 per ce[...] capacity in existing [...] are worried that a maj[...] sion of refining operati[...] weaken the U.K. oil ma[...] further. The fact that [...] ernment has given the [...] for a new Scottish re[...] handle North Sea crude [...] served to heighten th[...] dustry's concern.

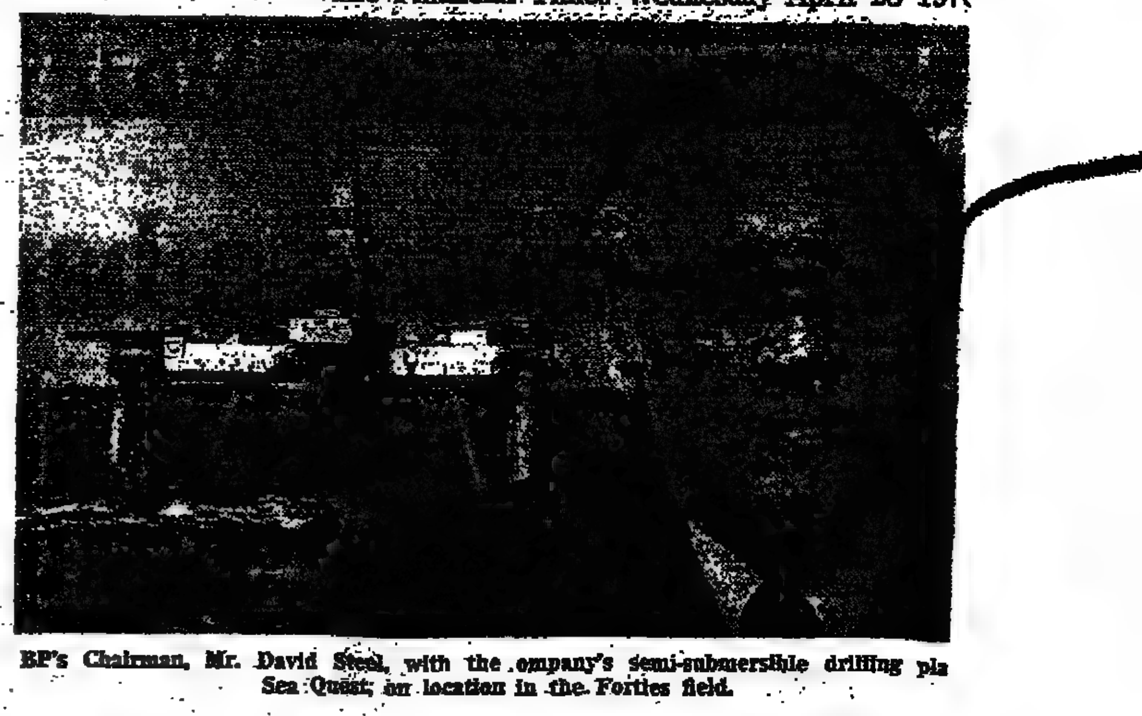
The *Government's* policies may well ne[...] clarification but at leas[...] the doubts on exports [...] removed. Returning t[...] deal, it is significant [...] Wedgwood Benn told [...] mons that he saw no [...] express any concern [...] company's present pr[...]

This is tantamount [...] of approval for M[...] Steel, BP's chairman, [...] sure that the Governm[...] all about its plans. The[...] there was no legislati[...] why BP should have [...] permission; in spite o[...] rattling the Governm[...] find it difficult to [...] against exports [...] countries in the face[...] munity rules. But [...] aware that a good dea[...] tion would be focuse[...] first shipment.

In essence Mr. Stee[...] Energy Secretary th[...] some Forties Oil sup[...] Grangemouth refiner[...] ments. No company [...] was willing to match [...] obtainable on the Co[...] BP intended to expo[...] to Germany.

The company's polic[...] was to process as m[...] North Sea productio[...] sible "within opera[...] commercial constrain[...] U.K. refineries. Sur[...] would be offered to [...] panies for processing [...] provided the price [...] those obtainable fro[...] In addition, the com[...] charge such prices fo[...] *sales of oil "as fu[...]* its value in relatio[...] similar crudes."

The formalised w[...] BP's policy, repeat[...] Commons by Mr. [...] Benn, sounds as thou[...] form the basis of a[...] Government code of [...] North Sea oil export[...] proves to be the case [...] is every reason to thi[...] some of the industry [...] over future energy p[...] have been removed.



BP's Chairman, Mr. David Steel, with the company's semi-submersible drilling pla[...] Sea Quest, on location in the Forties field.

LATEST ESTIMATED OIL PRODUCTION LEVELS OFF THE U.K.

Field	Group	Est. Recov. Reserves (m.bbls.)	Production level ('000 b/d) 1975	1976	1977	1978	1979	1980	1981	1982
Argyll	Hamilton Bros.	70	10	35	31	29	27	24	22	20
Auk	Shell/Esso	50	—	25	40	40	15	13	—	—
Beryl	Mobil/GC	400	—	30	80	80	80	80	80	80
Brent	Shell/Esso	2,000	—	20	50	175	280	400	510	550
Claymore	Occidental	400	—	—	40	90	115	140	120	110
Cormorant	Shell/Esso	160	—	—	10	25	45	45	45	45
Dunlin	Shell/Esso	400	—	—	10	40	60	80	90	100
Forties	BP	1,800	13	200	375	400	400	400	380	360
Heather	Unocal	150	—	—	—	25	50	50	50	50
Montrose	Amoco/GC	180	—	10	35	50	50	50	50	50
Ninian	Chevron/BP	1,000	—	—	—	50	150	275	310	310
Piper	Occidental	800	—	15	170	220	240	220	200	175
Statfjord	Conoco	438	—	—	1	9	15	31	39	47
Thistle	Burmah	450	—	—	20	100	180	180	160	125
Sub-total		8,298	23	335	862	1,328	1,707	1,988	2,056	2,022
Estimated oil production from U.K. probable finds		5,360	—	—	—	15	165	615	965	1,255
Total U.K. production		13,658	23	335	862	1,343	1,872	2,603	3,021	3,277
Internal U.K. consumption*			1,580	1,540	1,540	1,580	1,640	1,600	1,700	1,800

Source: Wood, Mackenzie
* Industry Estimates

MEN AND MATTERS

Now the 1926 show

A plan by the Greater London Council to spend £10,000 towards commemorating the general strike has, you may *recall, come under fire both* from those professing concern about ratepayers' money and from people questioning the very need for celebration.

A more dramatic and unusual *way of recalling the events of* 50 years ago is planned by independent television which intends to show ten nightly reports called "General Strike Report" which will go out consecutively from May 3. Each will be a 15-minute programme screened immediately after the main news broadcast.

The presenter will be Robert Kee, and Yorkshire Television, which is organising the series, declares it will be "a graphic account of the turbulent events of 1926, seen through the modern technology of 1976 television news presentation." Intriguing to wonder what recent industrial event will rate such lavish television treatment in the mid 2020s.

"After Lord Devlin's report on identification, I think I'd rather not commit myself!"

A stir at the Halifax

A matter of £10,000 is creating a stir too at the Halifax Building Society. The Department of Employment has now been drawn into a controversy over the planned payment of that amount to a retir*ing non-executive director* of the society, the one unusual item on the generally routine agenda for the annual meeting on May 24. As in previous years, that promises to be a big occasion with over 600 members, most of them locals, turning up for the meeting in Halifax's Civic Theatre.

The Halifax is the country's biggest society with assets of £4.5bn. and it plans to give the £10,000 (the first time, it appears, such a payment has been mooted) to Ian MacLean, now 73. The society reckons he has made a particularly important contribution to its progress, having been chairman from 1961 to 1974 and a director since 1953, a period of very rapid growth.

A few of the Halifax's 3½m. members have complained about the proposal, and the theme has been picked up by a local MP, Max Madden, who asked in the Commons whether the payment fell within the current incomes policy. He was told the Department of Employment had started looking into the case.

When it comes to public disclosure of directors' salaries, building societies are in a curious position, only being required to state the total amounts paid to non-executives. But at least, argues Halifax general manager Nigel Watson, this shows how relatively poorly remunerated they are. The Halifax's 15 non-executives shared just over £50,000 last year.

Watson declares of MaLean: "For a non-executive director he was very active." And it seems very unlikely the Halifax majority is inclined to argue the point.

Catering for the motorways

As a consumer, Geoffrey Sealey recalls in the early sixties a few brave attempts at up-market facilities by catering operators who made early starts in the motorway game. The idea (as with British Rail and even the airlines) was to attract the business customer, with white-hatted chefs and enticing menus. There was just one problem: such establishments in Britain, unlike those on the Continent, could not sell drink.

So the business restaurant image faded, and as the motorway network expanded, operators concentrated on striking an eating balance between customers emerging from chauffeur-driven Rolls-Royces and long-distance lorries. At times, the reputations of some motorway service areas have not been all that good. Sealey, who has just gone on the Board of Granada Motorway Services as marketing director, claims, not surprisingly, that his organisation gets few complaints, though he adds a pleasantly candid rider: "With the general complacency of the British public that isn't necessarily a fair indication."

His company, a subsidiary of Granada Group, runs eight motorway service areas with an annual turnover of £18m. It has just tendered successfully for a new site on the M5 at Exeter, *and Sealey reckons that makes* Granada the biggest motorway site operator (covering the petrol and other facilities as well as catering) just ahead of Trust Houses Forte.

Motorways have gone literally a long way since the first few miles of the M1 were opened between Watford and Rugby. The routine is that every 25 miles of a new route, the Department of the Environment acquires sufficient land for a service site. Potential operators prepare a scheme and offer a rental level. The DoE thereafter is paid at that level plus a percentage of gross turnover.

Sealey explains that the system differs from that in operation on the Continent. In Germany, for instance, a Government agency constructs the service facilities and local firms simply provide the equipment and staff.

Now, of course, further expansion of Britain's motorways is being restricted, and in Granada's case, this has meant investigations into new catering areas. Granada recently tendered (unsuccessfully) for the concession at Heathrow Airport's Terminal One. As for Sealey, he is off to the United States in a couple of months to study equivalent establishments there.

It should not, one must hope, presage a rash of the garish roadside facilities which disfigure much of the U.S., as he is more interested in studying the latest advances in catering equipment technology, at which the Americans excel.

Lost property?

British Rail has an advertisement showing a worried secretary agonising over how to get a parcel across the country in a few hours, to which BR's com*forting answer is of course its* own parcels service. Yesterday, at Petts Wood station in Kent, that advertisement was opposite a notice which declared with less optimism: "Commuter timetables have been despatched from Grimsby 22.4.76 but regret no further information as to their arrival."

Observer

FINANCIAL TIMES SURVEY

Wednesday April 28 1976

TEXAS

Traditional sources of wealth—oil and agriculture—have protected Texas from the worst effects of the recession. Diversification is taking place as migrants move into the State, although rapid growth has not increased its influence nationally.

Sleeping giant awakes

By David Bell

.S. celebrates its year the country e of one of the and far-reaching s in its history. gravity of the g slowly towards the southern ea which have wn as the "sun- roblems of the centres of the — and as local , schools have f city centres — so the sunbelt States

als but new panies, are fol- in an effort to lems and the north behind. of Florida, na, California belt States has apidly. Among ourse, there is

as much as any belt the effects d southwestern now the third State in the Alaska is bigger area. It still 25 per cent. of about 35 per ural gas and eserves of coal. tates exceed it their agricul- and it is not one observer xas the "sleep- erican States. always had the s that springs ndant natural move towards elped to make of the fastest- the Union but o longer relies comes out of the ground.

Houston, whose prosperity is built on the Texas oil industry but can now also fairly claim to be the energy capital of the world, has become the fastest-growing urban area in the U.S. More than 1,000 people move to the city each week and there appear to be no geographical reasons why it should not simply continue to grow. What may slow it down, however, is its growing pollution problem and the fact that its road network was never designed to cope with the volume of traffic with which it now has to contend.

Meanwhile there is also the Dallas-Fort Worth conurbation, a major distribution, electronics and aerospace centre, which is bigger and rather older than Houston even if it is now growing more slowly. DFW, as it calls itself, is consciously planning future development around its new airport which covers several thousand acres midway between Dallas and Fort Worth and was first mooted almost fifty years ago. DFW hopes that this airport— only two years old but already the third largest in the country—will make DFW the crossroads of America in the next century, much as Chicago relied on its position at the centre of the rail network in the 19th century to give it economic pre-eminence.

Capital

But the rapid growth in the State is by no means confined to the two huge urban areas which are increasingly coming to dominate it. Austin, the capital, has been expanding fast and San Antonio, home of the Alamo and a major centre for the armed forces, is expanding faster still. Even Midland—Odessa, the traditional centre of the Texas oil-producing area, has taken on a new lease of life since the rise in the price of oil transformed the economics of oil production in the area.

Partly because of this rise in the oil price, Texas has suffered less during the recession of the past two years than many other States. Unemployment has remained at least two points below the national average and the enormous increase in energy-related activity around the Houston area kept that city's unemployment rate even lower. Texas farmers have also benefited from the effect that the world food shortage has had on food prices and this too has had a noticeable effect on the State's economy.

Rapid growth has not so far made a great difference to the political influence that Texas has traditionally exercised in the nation's affairs. Indeed at *the moment the State has* fewer nationally known political figures of note than for some time past. Politicians are still aware, however, that the size of Texas, and its position as a key southern "swing" State make it a prize that they must try very hard to win.

In choosing Lyndon Johnson as his Vice-President, President Kennedy recognised this well enough. Texas was one of the cornerstones of President Nixon's famous "southern strategy" which rested, in part, on the attempt to create a new Republican "ideological majority." President Ford, who faces an important primary battle with Ronald Reagan in Texas later this week, recognises this too. He has been courting Mr. John Connally, the former Governor of the State and protégé of Lyndon Johnson in order to gain his endorsement.

But Mr. Connally has been proving elusive as perhaps befits the man who is unquestionably the major political figure within the State. The former Governor drifted away from the Democratic party after Lyndon Johnson decided not to run for office again and became Secretary of the Treasury under Mr. Nixon before formally becoming a Republican just before Mr. Nixon began to sink under the tide of Watergate.

Mr. Connally has since had his own problems with charges of illegal campaign practices but these have been found not proven and his stock in the State is higher than ever. His departure from the Democratic Party appears not to have done the damage that it once might have done and this has a good deal to do with the fact that *the sunbelt migration has left* its mark on the State's politics as much or almost as much as on its economy.

The State has always been Democratic if conservative and both in Congress and at a local level this is still largely the case. But the real split in the State is between liberal and conservative minded voters. The State has become more conservative in the past few years as more and more Republicans have moved to Texas from the North. This has given the Republican party a good deal of power when it *comes to the elections for the* Senate and for the Presidency. It has made Texas very much a two-party State at least as far as these national elections are concerned.

It is true however, that the average Texan, now more than *ever, wants as little to do with* Government as possible. There is still no state income-tax or state corporation tax and the Legislature seems determined that there should not be. Texas businessmen talk easily of the frontier spirit that they claim still exists in Texas but has almost vanished in the north. Hard work, self-reliance and good ideas—these are still all that is needed, so it is said, *to do well in Texas.*

Supporting evidence for his assertion is not hard to find although the State does appear to have more than its fair share of people below the poverty line. There is a great deal of private wealth in the State, much of it recently made. Apart from the men who founded companies like Texas Instruments and have seen them expand very rapidly, there are the independent oil producers and the large ranchers all of whom are interested in ploughing back their wealth into new ventures if they can find ones that they think are sound.

If all Government regulation is anathema to the ordinary Texas businessman, the present regulations about energy are singled out for special attack everywhere in the State. Independent oil men and the major companies are agreed that the current price of oil has been set at an unrealistically low level and they say that this has already prompted a decline in Texan oil prospecting which will last until the legislation is altered.

To some extent this is special pleading but it is also true that Texans are now getting used to the idea that the State's oil re*serves are not going to last for* ever and indeed some estimates suggest that they may run out rather sooner than had been thought. As yet, however, no one in Texas wants to produce a timetable showing how long the reserves might last and estimates vary considerably.

Houston is now in such a strong position in world energy terms that the decline of the State's energy reserves would probably do it relatively little damage, particularly since its position as a major port gives it every opportunity to increase *imports to feed its major petro*chemical complexes. Not of course that the decline in the State's reserves is going to be precipitate. Indeed at the moment there is a surplus of natural gas within the State for a variety of regulatory and other reasons. Still, even a gradual decline in oil and gas production has some effect on the State's economy since the petroleum industry pays some 21 per cent. of the State's total tax revenues. If the decline in reserves were to become serious in years to come, the State might well be *forced to consider* a State income tax. Pressures on the State are likely to increase anyway as the cities grow and make more demands for social and other services.

It may be that the Texan philosophy that all can be left *to private enterprise will be* found wanting in the major cities in the next few years although Houston's central area is enjoying something of a renaissance almost entirely because of the oil companies and a set of very enlightened commercial developers. Dallas is another story and remains one of the least attractive of all American cities with a decaying central area that consists of very little more *than a few high rise buildings* surrounded by a sea of parking lots.

But however difficult the problems of the cities may eventually prove to be, Texas has clearly a very bright future. There is still plenty of room, the *economy* is diversified but based firmly on energy and food production which are certain to be key sectors in the years ahead. At the same time Texas has avoided attracting too many heavy manufacturing plants, so that the State is likely to continue to be isolated from the *worst effects* of any future economic downturns.

Trump

Even in terms of energy, where the decline of indigenous resources is something of a cloud on the horizon, Texas has a trump card. At least half the State lies within the area scientists have designated as ideal for solar energy production. A team of Houston scientists are already hard at work on ways to bring down the cost of solar energy and most *observers expect it only to be* a matter of time before they succeed.

If any reservations remain about the state in the next few years they are perhaps about the "quality of life" and the effect that growth may have on *it. It is true, however, that many* of the problems of growth are recognised in Austin and in the formless and unplanned conurbations of Dallas and Houston. Texas is not short of energy or ingenuity, and once the State decides that it has the will to make sure that growth does not get out of control it will almost certainly find a way.

Pragmatic and conservative

TEXAS HAS long been accustomed to playing a major role on the American political stage. It is a tradition which goes back many years and if currently there are fewer Texans in Washington than usual not many political observers in the state expect that to last for long.

In the recent past the state probably played its most significant national role in the 60s. The decade began with Senator Lyndon Johnson as the majority leader in the Senate and the legendary Sam Rayburn as Speaker in the House. The Texan delegation was well-established and had control of a number of key committees not least because Texas Congressmen had then—and still have—the reputation of coming to Washington young and keeping their seats for a long time. This gives them an enviable position in the House seniority system.

Well aware of the importance of Texas as a key southern "swing state," President Kennedy chose Johnson as his Vice-President and it was a tragic irony that a Texan President came to power only because John Kennedy was assassinated in a Texas city. LBJ brought with him the so-called "Texas mafia," and there was an indelible Texas stamp on his Administration for a time, even if some Texans shared the hostility to him that grew as the U.S. became more deeply enmeshed in Vietnam.

Even after Johnson withdrew in 1968 and announced he would not seek re-election, the Texas influence remained in Washington. After Mr. Nixon was elected President the name of John Connally, a former Governor and protégé of Johnson's, was firmly linked to the Nixon Administration. He became Secretary of the Treasury and drifted away from the Democratic Party, finally becoming a Republican publicly just as the Watergate clouds were gathering.

The eclipse of Mr. Nixon, and accusations that Mr. Connally himself had been involved in taking illegal campaign contributions, put Mr. Connally's political career under its own cloud. But he has now been cleared of the charges against him and his association with Mr. Nixon is no longer the political obstacle it once was. Nevertheless the enforced absence of Mr. Connally from the political scene coincided with a period when Texans have had much less than their accustomed influence on the affairs of the nation.

Dominant

Mr. Connally, however, remains the dominant figure in the State's politics and there could be no better sign of that than the way that Mr. Ford has been so assiduously wooing the former Governor in the weeks before the Texas presidential primary which takes place later this week. There is no doubt that most Texans think that Mr. Connally would make the best president and there is equally little doubt that Mr. Connally shares this view. But he sees no opening in the current situation that he can exploit.

John Connally is one of the best orators in the U.S. — a shrewd political operator with political instincts that are well tuned to Texas. One political analyst said recently that "after God most Texans would go for Connally," and his conservative views have come to mirror the political philosophy of a large number of Texans in this election year.

The continuing popularity of the former governor also illustrates the way in which Texas politics are changing. The State has always been heavily Democratic even if in a conservative southern way. Like other southern states the memory of the civil war has lingered and the Democratic Party has been virtually unchallenged particularly at a local level. Of 24 Texas Congressmen in Washington only four are Republicans.

But Texas has been changing rapidly in the past 15 years and there has been an enormous influx of people from elsewhere in the country. Many of these have been Republicans and few of them have shared the long Texas connection with the Democrats. The result has been that the Republican Party has become an increasing force to be reckoned with, particularly in the State's two major conurbations—Dallas and Forth Worth and Houston.

Figures on the Texas political stage. Left to right: John Connally, Lloyd Bentsen, Barbara Jordan.

Although these two urban areas have a limited effect on the make-up of the Texas delegation to Congress or on the State Legislature both of which are still weighted in favour of the rural areas of the State, they do have an important influence on the presidential election and on the race for senator which, of course, is statewide.

It was this which prompted Mr. Nixon to applaud the victory of Sen. Lloyd Bentsen, a conservative Democrat, in 1970. President Nixon conceded that Mr. Bentsen was not a Republican but, he said, the new senator was part of the "conservative ideology," which Nixon also claimed to represent. Further evidence of the growing strength of the Republicans within the State is the fact that the other senator from Texas, John Tower, is also a Republican.

Yet it would be too easy to dismiss Texas politicians as conservatives and nothing more. It is true that the real political split in the State is between liberals and conservatives rather than Democrats and Republicans. But it is also true that Texas politicians have always been great pragmatists and there have been few politicians more pragmatic in outlook than Lyndon Johnson. LBJ came to be viewed as a liberal—and to be disliked by many Texans because of his "liberal" views—but he almost certainly saw himself as reacting to the needs of the times when he proposed the "Great Society." It was, in great part, a reflection of the Texan view that with plenty of money most problems are soluble.

Realistic

Even to-day the Texas political establishment is intensely realistic. One of the State's most formidable political figures is Rep. Barbara Jordan of Houston, a black congresswomen from one of the city's most depressed districts. Although she is both liberal and intensely critical of many of the State's racial attitudes, she was backed by some of the city's most conservative businesmen who recognised her qualities even if they do not approve of everything she stands for.

For her part Rep. Jordan has not forgotten that she is a Texan. At one Democratic meeting she resisted attempts by both the Democratic black caucus and the Democratic women's caucus to get her to join them in taking a joint position on various policy issues. Instead she pointed to the Texas delegation and said "that is my caucus." This loyalty to Texas is deep seated and helps to explain some of the pragmatism of the State's politicians.

But at the moment this pragmatism—and the assured political instincts that most Texan politicians have—has not given the State its accustomed "clout" on the national level. Sen. Lloyd Bentsen was forced to drop out of the race for the Presidency and is even having a difficult time in the campaign for re-election as a Senator this November. The Texas Democrats have lost control of a number of committees such as the banking committee which was for many years led by the formidable Rep. Wright Patman.

There are however some signs that the current Texan fall from grace may only be temporary. If Mr. Ford is almost certain to give Mr. Connally a very senior job if he is elected in November, the Democrats will equally not ignore either Rep. Jordan or Rep. Echardt of Houston, who is another very able politician. The State's present Attorney General is also strongly tipped as an important political figure for the future.

At a local level the Texas Legislature, which meets for part of the year in Austin, remains a very conservative body dedicated to the principle that taxes should be kept low and that Texas should balance its budget. So far it has been successful in both these aims and in the process has become the target of a number of younger Texans who question both its competence and its function as it is presently constituted. Stories abound of unusual political happenings, perhaps the most amusing of which concerned the day when the legislature inadvertently passed a motion congratulating the "Boston Strangler" for his success in reducing the population.

A newly elected liberal state politician had become so angry at the Legislature's habit of passing almost every proclamation proposed by members that he proposed one which congratulated the "Boston Strangler" for his attitude towards population control. The "Strangler," who was given his Italian name, was duly praised by the Legislature which had little idea for whom, or about what, it was voting.

Heavily weighted in favour of the more rural parts of the State, the Legislature is determined not to let Texas' burgeoning urban areas dominate it. Re-districting has proceeded somewhat slowly and the old alliance between some of the legislators and the State's powerful agricultural and oil interests has not lost its power. Many of these legislators would no doubt share the views of A. M. Houston, after whom the city was named. He once said: "Texas could exist without the U.S., but the U.S. could not, except at very great hazard, exist without Texas."

Texas has been lucky in the past few years both because of its abundant natural resources and because of its geographical position which has made it one of the natural "growth states" of the sunbelt, the southern strip of the U.S. that enjoys good weather for so much of the year and is now the most rapidly growing part of the country.

Frontier

The state is therefore in a good position still to think of itself as a growing frontier state with all that that implies. The people think of themselves as self-reliant and expect their politicians to share their distrust of "big" government and federal spending. But here too there is room for a little pragmatism. Texas legislators have long been skilled at attracting federal projects with all the money that they bring with them. The most notable example of this was Lyndon Johnson's success in persuading the nascent National Aeronautics and Space Administration to establish its headquarters in Houston where they were a catalyst of the boom which has now made the city the fastest growing major urban area in the country.

Texas is, then, both pragmatic and conservative. That is but another sign of the essential flexibility that characterises the State's politics. Texan politicians grow used very quickly to the problems of campaigning across such a large state. They know how to project their campaigns and how to blend conservatism and liberal, urban and rural in an instinctively Texan way. Once they have cut their teeth in the state, one political analyst is fond of saying, they have nothing to fear in Washington where the Texan brand of shrewd pragmatism has already been shown to be highly effective.

D.B.

Bank business flourishing

THE PAST 15 years have been challenging ones for the Texas banking community. As the state has grown, and a wide range of industries have moved to Texas, the banks have become involved in a variety of new business. They are no longer quite as concerned with—or as dependent on—oil and agriculture as they once were.

The rise of the Eurodollar market and the expansion of many Texas-based companies overseas has led Texas banks to take a new interest in foreign business with the larger of them opening branches or joining consortia in London and elsewhere. Changes in the banking regulations at home, meanwhile, have enabled the parent holding companies of the larger banks—particularly those in Dallas and Houston—to begin to take over smaller banks in other parts of the state in a process of consolidation that still continues.

At the same time the state's banks have been fortunate that the rise in the price of oil stimulated Texas's energy-related industries just at the time when the rest of the U.S. economy was sliding into recession. This has not meant that Texas's banks escaped all the well publicised problems that have affected banks in other states, but it is certainly true that they were in a much stronger position during the recession than many of their competitors and this was recognised by the Stock Market.

Nevertheless, and despite its rapid growth, the state's banking sector is still fragmented and there are some 1,200 banks even though the four largest holding companies control about 40 per cent. of total state bank deposits. The rivalry between these four is friendly, but intense, and their ranking depends to some extent on which set of statistics is used to measure their size. In terms of domestic deposits they are fairly similar but ranked by total deposits at the end of 1975 the order is First International Bancshares ($4.9bn.), Republic of Texas ($3.9bn.), First City Bancorporation ($3.7bn.) and Texas Commerce Bancshares ($3.6bn.).

All four bank groups are holding companies with the banks that take their name as the principal subsidiary in each case. For many years Texas banks were effectively one branch organisations as multi-branch banking was—as it still is—forbidden.

However, under the latest interpretation of the Bank Holding Company Act, the holding companies are now allowed to buy smaller banks elsewhere in the state under strictly enforced conditions. To begin with, each bank that is purchased has to remain separately capitalised and must retain its own Board of directors. At the same time the Federal Reserve Board keeps a very close eye on each acquisition lest any one bank comes to have what the Board considers to be an unfair competitive advantage in any area.

The holding companies have therefore had to tread warily and they have not been helped by conditions on the stock market in the past 18 months. Nevertheless Texas Commerce now has about 30 smaller banks under its control and First City of Houston and First International of Dallas each have about 23. Republic, which has been ordered by the Fed

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Economy is well diversified

by standard the State has the best "business climate" in the nation, is that the economy is well diversified. The old stereotype that Texas produces cattle, oil and natural gas may no longer be correct, but it is true that oil and agriculture have laid the foundation for the current prosperity.

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Texas is still America's leading producer of crude oil and natural gas with 25 per cent. of the nation's oil production and nearly 50 per cent. of its gas. This plentiful supply of energy has in turn spawned an impressive array of petrochemical plants and refineries, and encouraged the expansion of a wide range of energy related industries.

While the rest of the U.S. has been adjusting to the sharp rise in the price of oil following the 1973 embargo and the OPEC price rise, Texas has hardly been able to believe its luck. Houston, which can now fairly claim to be the oil capital of the world, has scarcely noticed the recession as its energy service companies have worked to meet burgeoning world demand for American exploration equipment and expertise.

Prosperity

Inside Texas the rise in the the price of oil has also brought new prosperity to the Midland Odessa region where much of the State's oil is produced. Both the major oil companies in Houston and the independent oil producers scattered across the State are very scathing about the Administration's present energy policy and there are some signs of a lull in the search for new oil at the moment. But very few observers expect this to last for long.

However much new oil is found Texans recognise that their reserves of both oil and gas are finite; but they believe that the energy industry in the State is now so diversified that it would make surprisingly little difference if the State were actually to produce none of its own oil at all. Houston—the third largest port in the country—is well placed to handle imported oil and many of its energy-related companies have long since outgrown their purely Texas base.

Meanwhile, the agriculture sector, which ranks third in the nation in terms of the value of farm products sold, has benefited greatly from the rise in world food prices. In terms of gross farm receipts only California and Iowa are ahead of Texas which in 1975 received an estimated \$6.4bn., a 59 per cent. increase in the past five years. The State is also the third largest food manufacturing State in the U.S. and some 78,000 Texans are employed in "agribusiness," the largest employer in the State.

But Texas has also attracted a wide range of other industries. Dallas-Fort Worth has developed into a major aerospace and electronics centre with General Dynamics, the builder of the F-16, Bell Helicopter and Texas Instruments, while Houston has also profited from its association with NASA and the nearby space centre. Dallas, meanwhile, is a leading insurance centre and has built itself into a major distribution centre. It confidently expects that its ambitious new airport will further strengthen that position.

Elsewhere in the State, growth has also been rapid with Austin, the State capital, growing fast and San Antonio growing faster still. But most observers acknowledge that increasingly Texas is coming to be dominated economically by Houston and Dallas-Fort Worth. About 5m. of the State's 12.5m. people live within these two urban areas, two of the fastest growing Standard Metropolitan Statistical Areas in the country. Together they account for 54.2 per cent. of the State's manufacturing capacity and have played a major role in pushing Texas's Gross State Product up to \$72.5bn. in 1974, the last year for which full figures are available.

Although DFW, as Dallas-Fort Worth likes to be called, is bigger than Houston, the latter is growing faster and there are still about 1,000 people a week moving to the city. By 1980 it is estimated that Houston will have a population of some 2.6m. compared with DFW's 2.9m. Houston's population has grown 17 per cent. in the past five years alene.

The population of Texas as a whole has been growing by about 1.9 per cent. a year and is expected to be some 13.5m. by 1980. Despite this steady increase in population, unemployment has remained well below the national average: for the state as a whole last year the average was 6.1 per cent., the lowest of all the major industrial states and 2.4 per cent. lower than the national average. In Houston the figure was even lower with the average for the year about 4.9 per cent. DFW, whose industries proved more vulnerable to the recession, was somewhat higher but still well below the average.

Avoided

Part of the strength of the state's economy lies in the fact that it has so far avoided attracting too many heavy manufacturing industries or consumer durable manufacturers. Thus, although Texas is now the third largest state in the nation, it ranks only seventh in the table of "value added by manufacture." The fact that the state has relatively few "old type" industries has clearly been a major factor in keeping the unemployment rate comparatively low during the recession.

Another factor which has undoubtedly contributed to the state's growth has been its resolute refusal to introduce a state corporation tax or a state income tax. This has encouraged a growing number of companies to move to Texas to take advantage of the significantly lower overhead costs in the state. This is a trend which seems bound to accelerate in the years ahead. Companies have also been attracted to the state by its comparatively low cost of living. The absence of a heavy state tax burden, combined with the lower price of houses, food and other commodities, makes Texas especially attractive to companies who have had to cope with the growing tax "load" in the crowded north east of the nation.

Indeed there is scarcely a set of statistics that does not point up the state's attraction as a growth area. Retail sales have increased 75 per cent. since 1970, non-residential construction has been growing at an annual rate of 8.4 per cent. for the past five years, personal income has climbed 63 per cent. since 1970 and bank deposits have climbed 88 per cent. in the past five years. Last, but by no means least, the value of total mineral production has jumped 150 per cent. in these five years.

Texans are well aware that this is a record of which they can be proud, but there is also a growing recognition that such rapid expansion must eventually carry with it certain costs as well. Wealth is not as evenly distributed within the state as elsewhere and some 19 per cent. of the population are officially listed as below the poverty line. It is something of a shock to discover that Texas is, in these terms, among the ten states with the greatest proportion of poor people.

Further, Houston in particular, and the state in general, has no real overall land use policy. The unrestrained growth of the cities and the sprawling complex of refineries and chemical plants along the ship channel and near the Gulf Coast are already causing pollution and transport problems. They will become worse and will be expensive to solve.

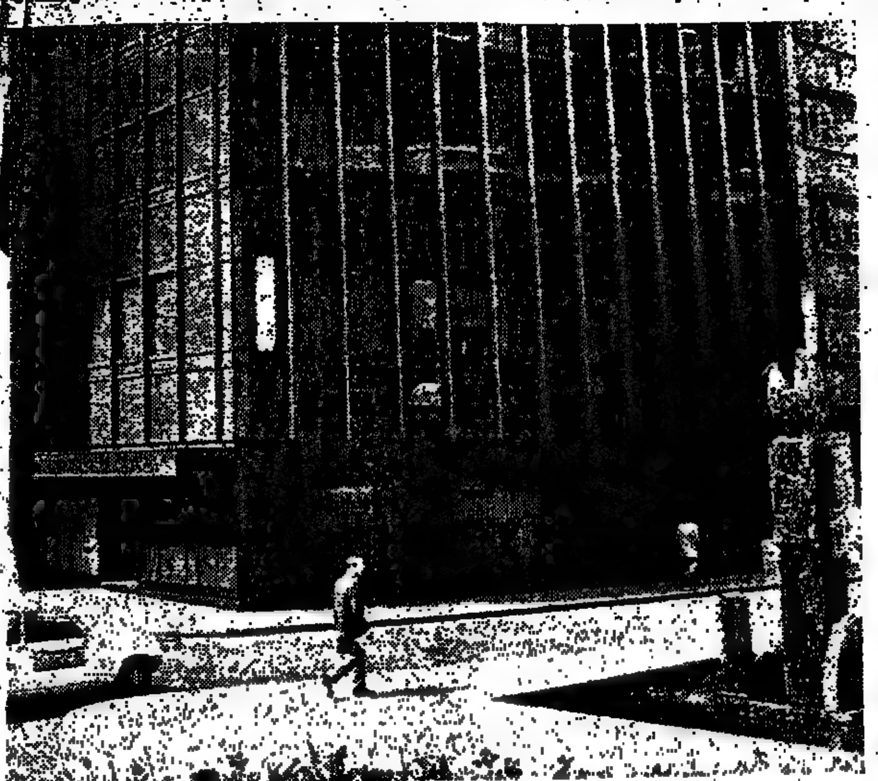
Nevertheless the economy is built on such a strong base, and its prospects seem to be so bright, that Texas is likely to have the money to deal with these problems if it chooses so so do. Clearly, as the state grows, some of the new industry that it attracts is going to prove more vulnerable to conditions in the rest of the country than at present, but most observers still believe that Texas will be well insulated from the worst fluctuations of the national economy for many years to come.

For nature has been kind to Texas. Quite apart from oil and gas, the State has reserves of some 20bn. tons of near-surface coal and between 100 and 200bn. tons of deep coal. Beyond that, part of the State is ideally situated to rake the fullest advantage of the coming revolution in solar energy. Researchers are already hard at work in Houston on a number of projects designed to reduce the current high cost of solar energy production.

Meanwhile there is talk of a coal "pipeline" which could carry coal slurry mixed with water across the country and further increase the competitive position of coal. In all these ventures Texas seems certain to play a major role.

As the centre of gravity in the U.S. moves gradually towards the so-called "sunbelt," the importance of the Texas economy must increase. The State stands near what will one day be the new crossroads of the country and there are few States in the union better placed to take advantage of this challenge.

D.B.



ks have expanded their operations overseas in recent years. Among irst National Bank in Dallas, whose London office, pictured above opened in 1970.

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led to some sugges- the banks refute, are less "growth an they were and support the banks. appears to be that, normous growth of economy and the mands for finance that this has brought with it, the banks have had more than enough to do meeting the needs of their existing customers.

Nowhere has this been truer than in the oil industry—with whose fortunes the state is still so intimately connected. The oil embargo and the sharp rise in the price of oil meant a surge in business for many of the Texas-based companies that supply drills, bits and the other specialised technology for the energy industry. Thus, while the rest of the country was in the midst of the recession the Texas economy benefited greatly from the surge in demand for energy-related equipment.

Paradoxically, as the recession comes to an end, the banks are now noticing a softening in loan demand from the energy sector. They attribute this largely to the slowing down in exploration that has followed the Administration's energy policy. The banks share the oil industry's view that until this policy is revised to give a greater incentive for exploration this lull in activity will continue.

The Houston banks meanwhile have been closely connected with the North Sea. This—and the new found financial muscle of the Arab oil producing states with which Houston also has a long connection—has meant that the larger banks have needed no encouragement to get involved in overseas business. First City National Bank in Houston, for instance, has been able to provide banking services for its Houston-based clients with North Sea interests and has also been able to involve itself with other overseas customers as well. Two Scottish banks now have offices in Houston and there are a rapidly growing number of British companies with branches or agents in the city.

While the Houston banks have a good deal of experience in dealing with the major oil companies with headquarters in the city as well as the smaller independent operators, Dallas banks tend to deal more with the smaller operators—the independents who in the past have found so much of Texas' oil and gas. The Dallas banks are also closely connected with the insurance companies which make the city the second most important insurance centre in the country.

Apart from the four largest holding companies Texas has about 28 other bank holding companies and 13 out of the state's total of 32 are either in Houston or Dallas-Fort Worth as are all ten of the state's largest banks. The four largest come in the top 50 U.S. banks—roughly in the middle of this list—and the state has eleven banks in the country's top 200.

It remains true however that Texas does not yet generate enough capital to meet all its needs. Although Texas is now the third largest state in the nation it ranks fourth in terms of commercial bank deposits with a total of \$43.3bn., some way behind Illinois with \$58.6bn. And in 1974, the last year for which figures are available, Dallas-Fort Worth and Houston ranked only eighth and ninth in commercial bank deposits of the nation's 20 largest Standard Metropolitan Statistical Areas. In arguing for more freedom to acquire new banks, bankers have also pointed out to the Fed that only four states have a lower level of bank concentration than Texas.

Bankers have no doubt, however, that the rate at which deposits are growing (11 per cent. last year alone), and the speed with which Texas itself is expanding, must put the State in a very strong position as far as the future is concerned.

Attitude

How fast the banks themselves grow, meanwhile, will depend to a great extent on the attitude taken by the Federal Reserve to their argument that it will be a long time before any of them grow to the point where they have a dangerously dominant position in the State even if they acquire more banks. It can certainly be argued that the present banking rules are unnecessarily cumbersome, but the Texas legislature, whose rural members want local banks to stay in local hands, appears to be in no hurry to press for changes.

Nevertheless most observers believe that the future of the State, with its immensely strong and diversified economic base, is so bright that the banks cannot but profit from it. The gleaming new bank buildings in both Houston and Dallas are eloquent testimony to the faith that the banks themselves have in the future of their State.

D.B.

Oil industry turns international

THE HEART of the American petroleum industry is in Texas, where the State's oil has nourished it from infancy, and kept it growing into maturity over 75 years.

The industry in recent years has been taking on an increasingly international character—most notably now with dealings in the North Sea and with Russia and China—as more and more Governments around the world seek to explot their countries' hydrocarbons.

Texas oilmen have the experience and advanced equipment to find petroleum beneath land and oceans, and then to produce it, transport it, process it and market it.

Ironically, the oil in Texas which has been so important to the industry's growth is declining rapidly because the State is producing much more oil than is being found to replace it. Some authorities on oil say there is less than 10 years' supply left, assuming continued high levels of withdrawal and no new major discoveries.

The authorities say the situation is the same with the State's natural gas and natural gas liquids, which since the 1950s have been a vital feedstock and source of energy for Texas' petrochemical industry, the largest in America.

The impact of these declines on Texas's booming economy is beginning to be studied by various governmental and industry groups. Meanwhile, refineries in the state are seeing increasing amounts of foreign oil flow through them while chemical companies have started to look for foreign sources of natural gas liquids. Also, plans are underway by a consortium of oil companies for a superport off the Texas coast.

The modern Texas oil industry has been evolving since January 10, 1901, when an eruption of oil blew high over a drilling derrick in a marshy patch called Spindletop, 100 miles from Houston. The well — 1160 feet deep, shallow by to-day's standards — produced more oil in its first year than several thousand wells in the eastern part of the U.S. By 1902, there were 138 wells at Spindletop producing millions of barrels of oil.

Before this famous "gusher" petroleum had been mainly used for lighting and lubrication since it was too scarce and costly for fuel. Once oil had become a source of cheap power, it began in short order to propel cars and aircraft and to change the face of the nation.

Texaco, Gulf, and other incipient giants were founded in Spindletop's wake. Wildcatters—oilmen who worked independently of large oil companies — set out by the hundreds, later thousands, drilling for oil across Texas and into neighbouring states.

Many found oil and became millionaires. But many more found nothing and wound up broke from drilling costs. Lucky landowners who had large strikes on their property became extremely wealthy from royalties they received.

The young oil industry, in the hands of private enterprise, as always, went through a wild period in which wanton drilling and production often wasted oil and ruined reservoirs before less than a tenth of the oil was pumped out. Matters got so out of hand that the Texas Legislature in the late 1920s assigned the Texas Railroad Commission to control the industry with tight rules and supervision. Orderly development continued thereafter.

Production

To-day, one can glean some understanding of the growth of the oil industry in Texas by looking at its production figures. In 1900, Texas was producing 836,000 barrels of oil per year. By 1920, the figure had risen to 106m., then 332m. in 1931, and then 1.1bn. by 1956. In 1972, the peak year, the production level was 1.3bn. Last year it was about 1.2bn. At times, Texas produced half of America's oil. Now it is about one-third.

Oil has been found in 212 of the State's 254 counties, so almost wherever you go in Texas there's evidence of the industry — pipelines, refineries, drilling rigs, clusters of storage tanks, and exploration crews at work.

Texas continues to have more holes sunk into it than any state in America. In 1975, 637 rigs prowled the state and completed 12,306 wells. Oklahoma, a neighbouring state, was second behind Texas. It had 117 rigs working, drilling 3,843 wells. Usually oil or gas is found in about one out of seven holes drilled. Even when petroleum is discovered, it's often not in commercial quantities.

The most familiar sight on the Texas landscape is the so-called pumping jack, whose long steel beam bows to the ground in a regular up-and-down motion. Such pumpers can be seen sitting in the back of church yards, in swamps, on farms and ranches and in Houston's municipal rubbish dump.

Indeed, the biggest row in Houston these days is about a proposal to drill six oil wells in Memorial Park, the city's loveliest park. Public opposition to the idea has been surprisingly strong, considering it is Texas.

About 232,500 wage earners work in the oil industry in Texas, according to a spokeswoman at the Texas Employment Commission. The figure represents only about 5 per cent. of the Texas labour force of 4.46m. people, which is an indication of the State's diverse economy.

However, the spokeswoman pointed out, "There used to be a good many more people in the oil industry, but now it's so developed and advanced that all you need is people to stand around and watch valves and gauges."

The industry has also given Texas the healthiest State Treasury in the U.S. Last August 31 it had a surplus of $1.72bn., thanks to a considerable extent to the tax revenue gained from oil and gas output.

The action centre of the State's oil industry and the U.S.'s is Houston. The largest U.S. oil companies have either their headquarters or major divisions in exploration, production, research, processing and marketing in the city. They reside in wealthy, shimmering new buildings, bearing the standards of Exxon, Texaco, Gulf, Shell, Tenneco, Pennzoil and the like.

Within the Houston region, according to the Eaton Houston Oil Directory, there are also about 380 other oil companies, 996 suppliers and manufacturers of oil-related equipment, 166 marine service companies, 135 geological companies, 83 refiners (having a quarter of the nation's capacity), 88 pipeline companies, 127 chemical plants, 81 drilling contracting firms, and 96 seismic companies.

The Chamber of Commerce says that about 270 of these firms are doing work in the U.K. in activity related to the North Sea.

An indication of the global nature of the industry's operations is seen in Houston's seismic companies, which are involved in the work from pole to pole. Their crews are in daily communication via satellite with Texas from places like Chad, Africa, Saudi Arabia, Pakistan, Canada, Indonesia and Guatemala.

There are some 200 countries in the world which border on the oceans. Houston drilling contractors have their rigs off the coasts of almost half of them, according to Loran Sheffer, who heads Offshore Rig Data Services.

For many years, Houston firms have been doing business in the Far East and the Middle East. Now they are starting to get a trickle of business from China and the Soviet Union as these two countries expand their petroleum programmes.

Last year, Geo. Space, a subsidiary of Applied Magnetics, and a leading international manufacturer of geophysical instruments, sold about $5m. worth of sophisticated seismic equipment to the Chinese in a deal similar to one the company made with the Soviet Union in 1973. Other Houston firms, like Cameron Iron Works and Dresser Industries, major oil-equipment manufacturers, have also had recent visits by the Chinese.

Last November, 14 Russian engineers were involved in a month-long training programme with Atlantic Richfield (Arco) in Houston. They learned how to operate and maintain equipment to be used in a new petrochemical plant.

Arco is providing through a licensing agreement the technology for the plant's construction.

With its oil having been largely responsible for such a vast industry, it is little wonder there is mounting concern in Texas about the state's reserves running out.

Dr. Charles Groat, associate director of the University of Texas Bureau of Economic Geology, said in a recent speech in Houston, "we have seen production increase and reserves decrease to the point that as of 1974, proved (recoverable) reserves of oil were at 11bn. barrels which, not allowing for new discoveries, would last 9.2 years at 1974 production rates." The rate was slightly over a billion barrels of oil for the year.

He noted that in 1974, only 12m. barrels of recoverable oil were added to Texas reserves by exploration, compared to 110m. barrels in 1964 and 688m. barrels in 1954.

"Reserves of natural gas," he added, "the cleanest and, until recently, the cheapest fuel available in Texas, have decreased to 79 trillion cubic feet which would last ten years at 1974 production rates."

This is bad news for a State that is not only the nation's biggest energy producer, but also the biggest consumer, using about 9.5 per cent. of all energy used in the U.S. About 60 per cent. of its energy needs are met by natural gas and a little over 30 per cent. supplied by oil.

Many Texas oilmen argue that much more oil and gas could be recovered if the federal government would at least lift current price controls on petroleum, thereby providing more incentive to explore and also use expensive "injection" techniques to withdraw currently unrecoverable oil in existing fields. Sometimes this oil represents more than 50 per cent. of the field.

Since the Administration is in no mood to give oil companies more money, the thought in Texas these days is to prepare for increasing amounts of imports, as a short-term answer to keep things stable—unless of course another Arab embargo comes along.

A top executive with Allied Chemical in Houston said that there is "quite a movement afoot" by the petrochemical firms to bring into Texas large amounts of natural gas liquids, like ethane and propane, from such countries as Saudi Arabia and Iran.

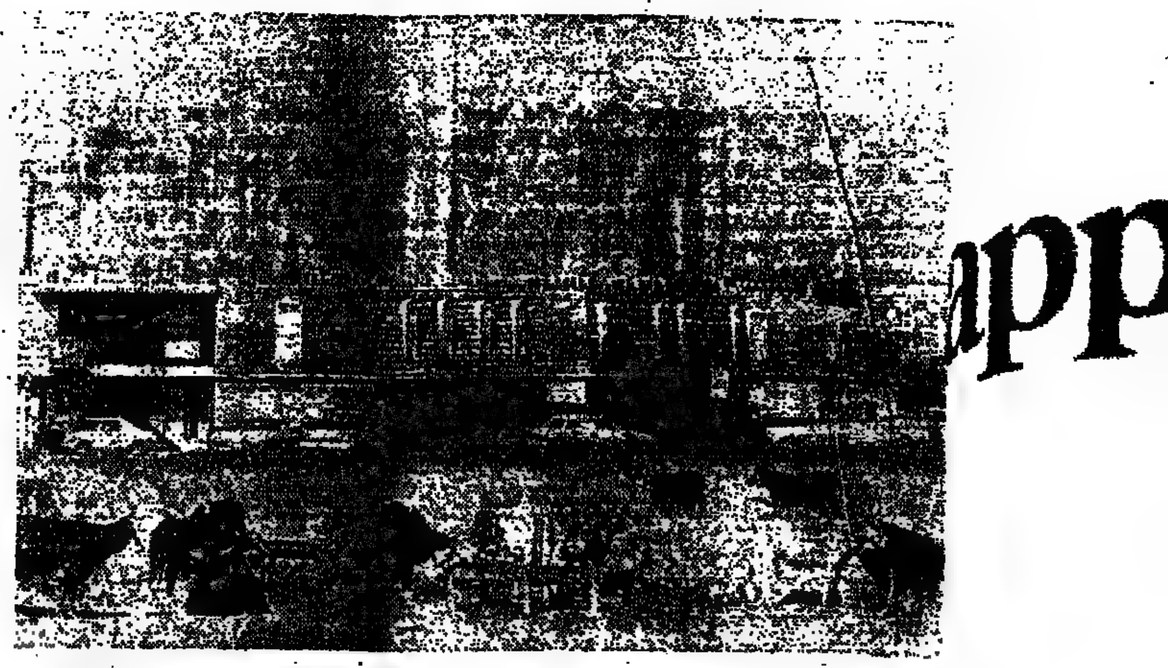
In a separate development, nine major oil companies and one petrochemical firm have banded together in a consortium called Seadock, based in Houston, to build a terminal 35 miles off the Texas coast for supertankers. The consortium has submitted its application for construction to the U.S. Department of Transportation.

If all goes as planned, the $700m. facility would be able to handle about 2.5m. barrels of oil per day by 1979. By comparison, the current production of Texas is now about [illegible] barrels per day.

In the longer ten[illegible] co[illegible] probably be the ne[illegible] maj[illegible] for large scale us[illegible] in [illegible] According to a st[illegible]y [illegible] Texas legislature las[illegible] lignite resources [illegible] amount to 20 times or[illegible] the State's prov[illegible] reserves and 10 th[illegible] than the proven na[illegible] reserves.

Coal production [illegible] grew from 2m. tons in[illegible] about 8m. tons in 19[illegible] 1980, Texas is expecte[illegible] among the top ten [illegible] ducers in the U.S.

Peter



Home on the range. Cattle grazing in the shadow of an oil refinery nea[r] Hous[ton]

Oil companies seek price incentives

JUST OVER 2½ years ago, the Arab world slapped the United States with an oil embargo, catching the Government by surprise and dismaying Americans.

For decades Americans had known nothing but unlimited, cheap fuel to run their millions of trucks, tractors and gas-guzzling cars. But with the embargo, gasoline stations everywhere were putting up signs saying, "Sorry, No Gas." Drivers lined up sometimes more than an hour at the few stations with gasoline.

The shortages cost jobs in the motor and airline industries, and in travel-related fields such as motels and resorts. Many warehouses did not have fuel to ship goods to supermarkets. Some farmers did not have fuel to bring in their harvests.

Ordeal

When the six months ordeal was over, U.S. Government officials from President Nixon on down vowed to restore America to energy self-sufficiency by the early 1980s. To-day, however, the drive to reduce imports appears to have lost all urgency, and the country has no clear-cut energy policy.

Further, Texas oilmen are warning that legislation coming out of Washington these days is making the country's energy problem far worse. Drilling for oil in the U.S. is declining rather than increasing.

The U.S. depends on oil and natural gas for 75 per cent. of its energy needs, while coal, nuclear and hydro electricity provide the rest. Imports now comprise almost 45 per cent. of U.S. oil demand, according to the American Petroleum Institute, the oil industry's trade association at 7.7m. barrels per day out of a demand of 17.7m. barrels per day.

Prior to the embargo in October 1973, the import level was 38 per cent. In 1970, it was 23 per cent. The Arab component of imports represented 6 per cent. of total U.S. demand in 1973. This year it has jumped to between 10 and 12 per cent., strengthening Arab political leverage on the U.S.

Meanwhile, U.S. production and reserves of oil continue to decline, as they have for the past several years. The story is much the same with natural gas, of which the U.S. imports little, but which is also in increasingly short supply.

Instead of offering the petroleum industry — largely based in Texas—incentives to search for more oil and gas in the U.S., oilmen argue that the Federal Government has been offering nothing but disincentives, by reducing tax benefits, by keeping controls on the price of oil and natural gas, and by creating uncertainty regarding future legislation.

These factors, the oilmen say, have had dampening effects on rates of return and outside investors who contribute much capital for exploration.

Onshore drilling in the U.S. last December reached a 14-year high with 1,811 rotary drilling rigs actively looking for new oil and gas fields or developing those already discovered. But since then, there has been a "disastrous" slowdown, according to A. V. Jones, Jr., the Texan president of the Independent Petroleum Association of America, the country's largest association of independent oilmen, who drill 70 to 90 per cent. of U.S. onshore wells. The number of rigs working has fallen to 1,520, a 17-month low. Leading independent oilmen like Michel T. Halbouty, of Houston, say they are going to drill 20 per cent. fewer wells this year than last.

Drilling offshore has generally been stymied by a lack of leases, but also to some extent by cuts in the cash flows of major oil companies caused by recent legislation. Texas oilmen have long argued, however, that the best way to reverse, or at least slow, the country's energy decline is by extensive drilling offshore, where there are believed to be large fields of oil and gas. So far the Government has leased to oil companies only about 1.4 per cent. of the country's total continental shelf area. Only about 2.5 per cent. of the shelf has been explored and tested by drill, mostly in the Gulf of Mexico.

The Ford Administration has been trying to speed up lease sales but has been hampered by court suits, political manoeuvre, strong environmental opposition and Congressional changes in offshore regulations. The two sales that have been carried out recently, for areas off California and Alaska, have featured bidding far less than the Government expected. Oil companies say they have to be extra cautious with the way they spend their money simply because they have less of it.

Offshore drilling contractors are not inclined to buy rigs. Marathon Manufacturing of Houston, regarded as the largest manufacturer of offshore drilling rigs in the world, has received only one order for a rig since early 1975, and has had 10 rig orders cancelled. The company president, Gene Woodfin, blames his woes more on Washington than on the world-wide glut of rigs.

The best indicator of future exploratory drilling in the U.S., both onshore and offshore, is seismic crew activity. Seismic crews do a sort of electronic thumping of the earth for interesting oil-bearing geological structures, and are usually followed into a prospective area one to three years later by drilling crews to test whether petroleum is actually there.

"When seismic work goes down, drilling follows it exactly soon afterwards," says Charles Darden, president of the International Association of Geophysical Contractors, which is based in Houston. Since July, 1974, the number of active seismic crews in the U.S. has fallen from 334 to 240, close to a 30 per cent. decline.

There are a number of reasons why there has been adverse legislation against the oil companies. One is that the industry no longer has powerful political figures from Texas like Lyndon Johnson or Sam Rayburn to protect it. Secondly, it's bad politics to take money out of the pockets of voters, especially during an election year, and give it to the oil companies for some vague activity like drilling. A third reason goes back to the embargo.

When the Organisation of Petroleum Exporting Countries quadrupled the price of oil shortly after the embargo began in October, 1973, the price of petrol in the U.S. jumped to 50-70 cents a gallon. This outraged Americans, who were used to years and years of 25 to 35 cent gasoline and who were now already exasperated by shortages.

The only beneficiaries of the embargo, the public and Congress noticed, were the oil companies, many of whom had close business and financial ties to the Arab world. Their profits were increasing tremendously. Amoco's were up 121.1 per cent. during the fourth quarter of 1973. Atlantic Richfield's profits during the period were up 92 per cent. Shell's were up 79.4 per cent. Exxon's profits for the year 1973 broke the all-time record for any corporation: $2.5bn.

The companies said the rise in profits resulted basically from a one-time leap in the value of their petroleum-product inventories, reflecting OPEC price increases. Texaco, Gulf and Shell ran full page advertisements in the New York Times explaining that profits had previously been too low, and they needed vast new investment capital to develop energy resources.

The advertisements probably did not convince too many people. A study by the University of Houston after the embargo showed that even among Texans, 85 per cent. surveyed felt the fuel shortage was merely a contrivance by the major oil companies to make more profits.

Drilling

Little attention was given the fact that for the first time in years, oil companies had the incentive to begin sharply increasing their U.S. drilling programmes, which had been in the doldrums throughout the 1960s and early 1970s because of the country's previous surplus production capacity, cheap imports and federal controls on gas.

Many members of Congress became obsessed with cutting away at the industry's "obscene profits."

Congress virtually eliminated in March last year the oil depletion allowance, a half-century old tax concession which allowed producers to take up to 22 per cent. of their revenue from oil and gas extraction as a deduction from taxable income. (All other mineral resources taken from the ground to-day in the U.S. continue to ha[ve a de-]pletion allowance).

Then, under the Ener[gy Policy] and Conservation Act, [Congress] pushed down the avera[ge price] of U.S. produced oil fr[om ...] to $7.66 a barrel. "Ol[d" oil,] which is two-thirds of [...] able U.S. production—[is priced] at $5.25 per barrel. "N[ew" oil] is priced at $11.28 a bar[rel. The] average price will be al[lowed to] rise a maximum of 10 [per cent.] per year, with the con[trols ex-]tending for virtually [the rest] of the decade.

The end of the d[epletion] allowance and the roll[back in] prices, top oil executi[ves say,] will take about $5bn. o[ut of the] industry's pocket annual[ly that] would otherwise go for [explora-]tory drilling in the U[.S. It is] nothing but good n[ews for] OPEC, they say.

Stopped

Congress also recently [blocked] efforts to decontrol the [price of] natural gas piped [across] states, which falls under [federal] pricing jurisdiction. The price of this gas is a[bout ...] cents per thousand cubi[c feet, a] figure which the indus[try has] long said is too low to p[ay it to] drill for and produce.

Congress currently is in serious debate about further tax burdens on [the] industry and establish[ing an] unprecedented progra[m of] government exploration. It's also considering bre[aking up] America's 16 largest m[ajor oil] companies, forcing th[em to] dispose of their inter[ests in] refining and marketing, [which,] it is argued, making th[e indus-]try more competitive an[d fuel] cheaper.

Of these actions Gene [Wood-]fin of Marathon says, "C[ongress] seems dedicated tha[t we] never achieve energy i[ndepen-]dence." A leading Tex[as drill-]ing contractor claims, "C[ongress] is making the oil bu[siness a] lousy business in the Sa[...]"

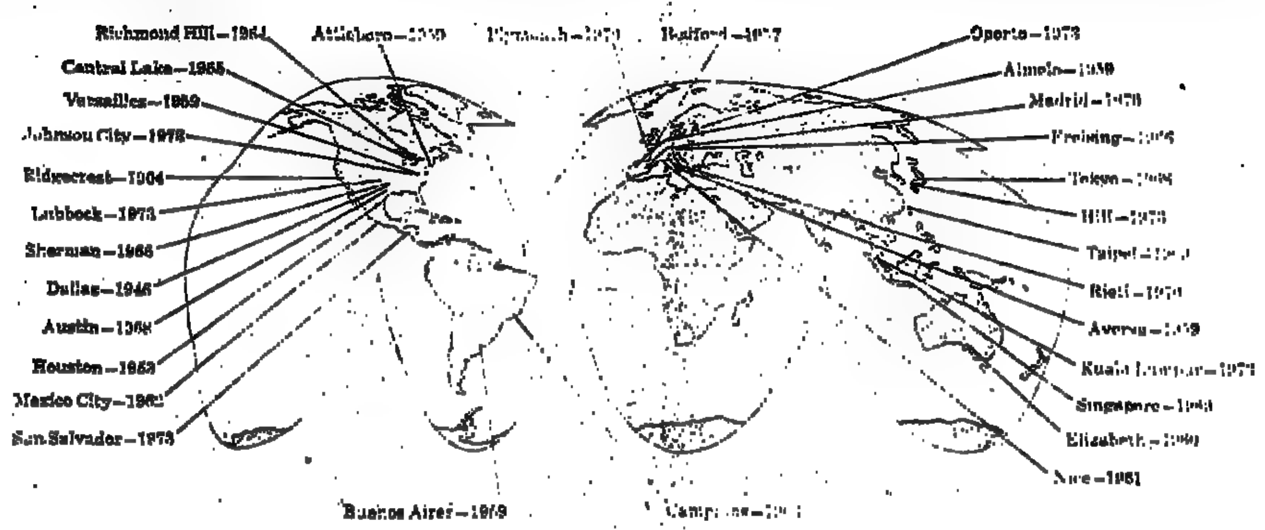
Texas oilmen point o[ut that] alternative forms of en[ergy are] many years away an[d that] demand is beginning [to rise] rapidly in the U.S. for m[ore and] more oil. With costs of [drilling] and production soaring, [oil-]men believe that all pr[ice con-]trols on oil and natural g[as must] be eliminated and tax in[centives] restored if the industr[y is to] launch a significant pro[gramme] for finding and developi[ng new] petroleum reservoirs in t[he U.S.]

The liberal Dem[ocratic] majority that controls C[ongress] (most of them are fro[m non-]producing States) fear [that a] large price boost wo[uld be] extremely inflationary, [would] hurt the recovery fro[m the] recession, would be un[fair to] the poor, and would [be an] unjustifiable reward to [the oil] companies.

So far, Congress is hav[ing its] way. But there could be [a price] to pay. "If we get anothe[r] embargo," says Federal [Energy] Administrator Frank Za[rb, "it] will make the last one lo[ok like] a picnic."

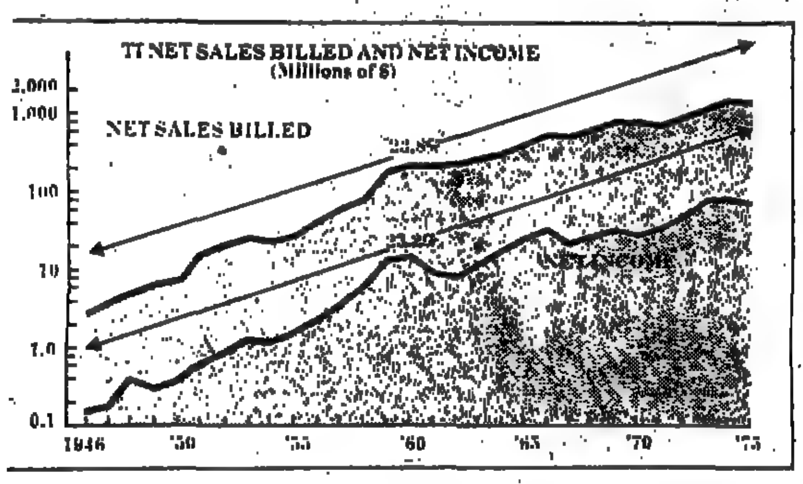
هكذا اصه الأصل

Texas Instruments grows through technology applied to worldwide needs.



Texas Instruments grew into a major, ernational company by solving problems ough technology.

Our 1975 sales were nearly $1.4 billion. TI's l is to be a $10-billion company by the e 1980s.



TI's growth from less than $3 million to nearly 4 billion in annual sales in three decades was e result of deliberate major investments in new hnologies. Examples include development of mponents and circuit designs for the first unsistor radio, first commercial production of icon transistors, invention of the integrated cuit, pioneering of a new digital technique for ophysical exploration, production of a clad tal system that solved the U.S. coinage oblem, invention of the original miniature culator, introduction of the first "calculator on hip" that made hand-held electronic culators practical, and development of the lvanced Scientific Computer (ASC), one of the orld's most powerful computers.

ources of TI's chnological strength:

To participate fully in worldwide electronic owth markets requires broad-scale hnological capability.

TI's technological strengths include a 22-year story of leadership in semiconductors. miconductor technology paces electronics uipment design.

At Texas Instruments there exists a imulating environment for innovation—a rength many companies lose when they get big. I has formalized a system for worldwide anning and control. It emphasizes strategic location of resources to support and manage novations.

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TI international manufacturing began in Bedford, England.

In 1957, Texas Instruments opened its first manufacturing plant outside the U.S. in Bedford, England.

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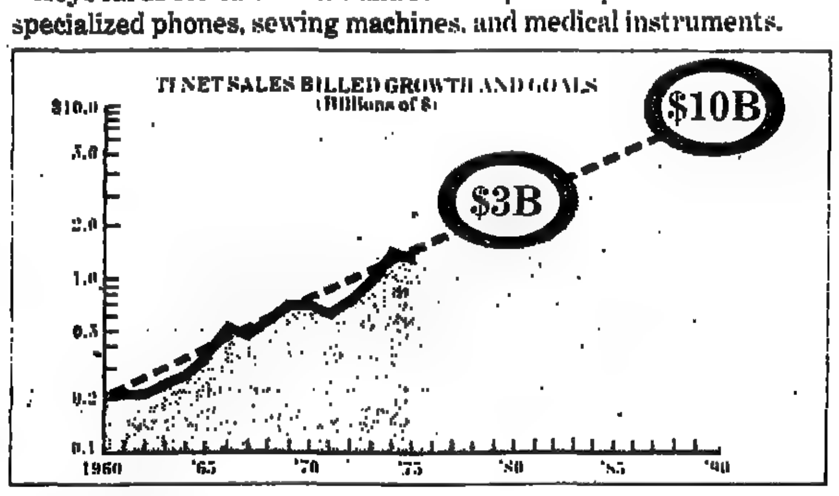
• Microcomputers and microprocessors. • Semiconductor memories to replace conventional core memories. • Linear semiconductor devices and display components. • Microelectronic digital watches. • Calculators. A world leader in the production of electronic calculators. • Minicomputers: hardware, software and systems featuring software compatability with microprocessors. • Electronic data terminals for communications and data processing. • Programmable control systems for industry. • Data exchange systems to give users quick entry to computerized information. • Advanced Scientific Computers, incorporating the largest and fastest solid-state memories in use today. • Digital seismic data acquisition systems. • Air traffic control radar and Discrete Address Beacon Systems. • Microwave landing systems. • Airborne radar and infrared systems. • Guidance and controls for tactical missiles. • Worldwide geophysical services. • Clad metals for coinage, cookware, TV yoke coils, battery cables, electromagnets. • Interconnection products for electronic telephone switching systems. • Electric and temperature-sensitive controls for automobiles and appliances. • Bi-metallic controls for consumer products and industrial equipment. • Keyboards for calculators and for many other products such as specialized phones, sewing machines, and medical instruments.



Texas Instruments has both the financial capability and the product and market strength for growth. Our major growth opportunity will continue to be in the world electronics market. TI's emphasis will be on the high-growth segments, which result from the right couplings of electronic technology and market need.

For more information about Texas Instruments, write for a copy of our 1976 First Quarter and Stockholders Meeting Report. Write Texas Instruments Incorporated, Mail Station 413, P.O. Box 5474, Dallas, Texas USA 75222.

TEXAS INSTRUMENTS
INCORPORATED

Agricultural riches

THE LAND in Texas is vast and varied, with cactus-covered plains in the south, with dark pine forests in the east, with rolling fields of grass in the north, and with bone-dry terrains in the far west of mesas and buttes and canyons where nothing seems to live but the wind.

From this rich panoply, Texans have carved out a vast and varied agriculture. About 84 per cent. of the State, or about 142m. acres, is devoted to farming and ranching. Texas is the third leading agricultural state in the U.S. and provides about 7 per cent. of the nation's total production.

It usually tops all other states in production of cotton, beef cattle, grain sorghum, sheep, lambs, wool, watermelons, cabbage, spinach and onions. It is the country's fourth largest producer of both rice and wheat and also ranks high annually in pecans, peanuts, carrots and hay.

Texas's agriculture annually represents between 4 to 6 per cent. of the State's gross product, which for 1975 is tentatively estimated to be $78.8bn., according to economists with the First City National Bank, Houston's largest. By way of comparison, wholesaling and retailing combined normally represent 20 per cent. of the Texas gross product, manufacturing 17.7 per cent., and government 16.6 per cent. Gross agriculture sales in 1975 were $5.95bn., with about $3bn. from crops and the rest from livestock.

There used to be a sharp distinction between farms and ranches in Texas, but these days, says John White, Texas Agricultural Commissioner, "farmers ranch and ranchers farm." Generally speaking farms have their land in cultivation whereas ranches are mainly covered with grass for grazing. For statistical purposes, the State lumps the two together.

Because of low wages, hard living, isolation and the attraction of big cities, Texas's farm and ranch population has been declining for decades, but now it is beginning to level out. About one Texan in three lived on the land in 1940. In 1966, the figure was one in 18.

To-day, the farm and ranch population is about one in 48, or about 250,000 people out of a State population of 12.05m. As a result of this migration away from the rural areas many farms and ranches have been consolidated and sizes have jumped considerably. In 1935, the average size was about 274 acres. To-day, with 200,000 farms and ranches, the average size is 678 acres—close to twice the size of the average U.S. farm.

Even with the depleted agricultural population, the State is capable of producing high surpluses of food because of a high level of mechanisation and productivity. The Texas Department of Agriculture estimates that two farmers supply enough food for themselves and 105 others—85 Americans and 21 foreigners.

Thanks to a 1,000 trail drives in Hollywood westerns, Texas's cattle industry is known world wide, and indeed, it continues to play a star role in the State's agriculture, although trail drives have long disappeared. Texas has about 15m. head of beef cattle, or about 13 per cent. of the nation's total, far above the number of any other state. Americans are hardy meat eaters and beef provides about 116 lbs. of the 190 lbs. of red meat consumed by the average American every year.

The most popular breeds in Texas are Hereford, Angus and Brahman. Other breeds are Charolais, Shorthorn and Santa Gertrudis. The latter was developed on the giant King ranch, which has close to 1m. acres, and was the first breed of cattle developed in the U.S. The rest came over from Europe long ago.

In 1973, the best year Texas farming and ranching has had in recent years, sales of beef cattle were $2.811bn., or about 43 per cent. out of total sales of $6.478bn.

Since then, the cattle industry has been in what Mr. White calls a "disastrous price cycle," in which the costs of raising cattle far exceeded the price for which they could be sold. It was brought on by a variety of economic factors including the giant U.S. wheat sale to the Soviet Union in 1973 and angry housewives boycotting meat counters because of high prices. Protesting in turn, some ranchers publicly slaughtered their cattle.

Now the market seems to have adjusted itself and cattle prices are strengthening. But Mr. White says, "We don't know if it's going to stick or not."

These problems were reflected in 1975 cash receipts, with beef cattle representing only $2.075bn., or about 34 per cent. of the total. One way in which cattle production has changed in the past few years is in the use of feedlots to prepare calves and more mature cattle for marketing. The feedlot industry, according to State Agriculture Department figures, has grown by more than 500 per cent. since 1960 and represents a capital investment well in excess of $100m.

Many of the State's 1,500 feedlots were hurt during the financial squeeze on cattle prices but now seem to be regaining their footing. The feedlots generally feed cattle for 110-140 days, adding about 400 lbs to each animal's weight. The State's most extensive feedlots are in the Panhandle, in northern Texas, where large supplies of sorghum and other grains are available. In these operations, cattle sometime attain a total weight of 1,050 lbs. In some cases, as few as four mean can and are needed to run a totally automated feedlot which can handle 20,000 cattle at a time. The largest feedlot in the country has the capacity to handle more than 100,000 cattle.

Two key crops raised in Texas are cotton and grain sorghum. Cotton was found growing wild in Texas by early explorers in the 1500s and Texas has generally been the leading cotton producing state since 1880. In recent years, cotton has accounted for about 10 per cent. of the State's agricultural receipts.

The cotton market has been hurt by synthetics but this seems to be changing gradually for two reasons. One is that more and more fashion emphasis is being placed on natural fibre clothes. Secondly, the cost of producing synthetics has been climbing in view of the high cost of the petroleum which is used in their manufacture. "It's cheaper now to produce cotton than it is to produce synthetics," says Mr. White. "We have about a nickel to 10 cents edge on a pound weight basis."

Texas produced about 4.7m. bales of cotton in 1973, the best year in many years. In 1975, it produced 2.3m. bales, the drop due largely to bad weather and the recession.

Grain sorghum is Texas' most important feed grain and generally has been used as a substitute for corn, being somewhat cheaper in cost. The State produced 420m. bushels in 1973 and then saw production drop to 374m. bushels in 1975 because of weather problems. It generally accounts for 11 per cent. of the State's agricultural receipts.

Exports are of growing importance to Texas. They bring in about 25 cents out of every dollar in sales. Estimates are that Texas in 1975 pulled in between $1.3bn. and $1.8bn. from exports. "Internationally, we're primarily involved with rice, wheat and grain sorghum," says Mr. White.

Exports of wheat have jumped almost 100 per cent. since 1970 with three-quarters of the Texas crop being sent overseas. Lately, most of it has been going to the Soviet Union, Japan, India and Brazil. The rice goes al the world, although with last two years the Stat lost one of its biggest cust the South East Asian m First it was South Vi then Laos and Cambod each fell into Communist Now, even shipments to land are dwindling. Beca record crops, Texas elevat bulging with rice.

Grain sourghum is s primarily to Japan to fe stock. Mr. White says that sends to Europe mainly cc soyabeans. He notes Europeans seem to be "h on the tradition of feedi to livestock, rather than sorghum which has the nutrients. "The Japan the other hand, take w commodity that they can best deal on," he says. has begun to take advan the fact that many governments are trying grade their countries' li production programmes. agriculturalists are put premium on breeding and this is opening new for Texas ranchers.

Helped

The State Agriculture ment helped out in a la by constructing in 1973 stock export pens alc State's southern borders Houston. The facilities, which adjoin airports, cribed as ultra-modern of stringent sanitation ments involved in exp because some of the o guests are extremely with some pure-bred bu ing $50,000.

In 1974, at the end year of operation, abo head of breeding ar cattle, sheep, pigs and were shipped from Tex were valued at $3.5m. the volume increased 25,000 with the value ling.

Cattle led the list wit head. There were al sheep, 1,374 pigs, 357 hc 221 goats. Mexico was t importer through the n ties. Ranchers shippe head of dairy cattle a head of beef cattle to buyers. South African imported nearly $2m. Texas cattle, and Guatemala and Argent among the top South importing countries.

Helping to bring bu seller together, the Ag Department has repres accompanying foreign b their tour of the State's and arranges meetin prospective sellers. T travel in Mexico an America, visiting ranc livestock shows to buyers about what Tex offer, which is a lot.

Aerospace orders build up again

TEXAS IS one of the leading States in America with aerospace activities, and almost everywhere business is good. The most spectacular example is in Fort Worth where General Dynamics has begun assembling over $6.5bn. worth of F16 fighter interceptors, 650 for the U.S. Air Force and 348 for NATO (countries like Denmark, Holland, Norway and Belgium). It won both contracts early in 1975.

There has been "intense interest," according to a company spokesman, in the 1,500 mph aircraft from Iran, Japan, Israel and Canada. Prospects seem favourable for many more sales.

At Bell Helicopter in Fort Worth business in booming, especially in the commercial market. The company continues to be the world's largest manufacturer of military and civilian helicopters.

At the Lyndon B. Johnson Space Centre in Houston work is going smoothly on the $6bn. space shuttle programme which will put America's next man into orbit in 1979. The Centre, with 9,150 employees, is currently working under a $1.3bn. allotment for this fiscal year.

The only question mark on the horizon is in Dallas at Vought, LTV Corporation's third and smallest subsidiary, which over the last year has received two setbacks in its search for new aerospace contracts. First, the company lost out in competition with McDonnell Douglas on a multi-billion dollar contract for a Navy carrier plane called the F18. Then in March, the Defence Department announced that Vought had lost a $38.6m. development contract for a submarine-launched cruise missile to a General Dynamics division in California.

Backlog

Vought has a backlog of $757m.-worth of business from making tail sections for the Boeing 747 to building various kinds of missiles and rockets, like the solid-propelled Scout launch vehicle for NASA. It has enough orders for its A-7 attack jets from the U.S. Air Force, the U.S. Navy and the Hellenic Air Force in Greece to carry production through the early 1980s, a company spokesman says. But, he adds, present employment is slowly "going down." The division has 12,000 employees.

Exactly where Texas ranks among the states involved in aerospace is difficult to say since the level of activity in any of them depends on the contracts awarded. The only figure that the Aerospace Industries Association of America, the trade organisation, has published is based on military prime contracts awarded. Between 1971 and 1974, Texas received an average of 7 per cent. of the contracts, Connecticut 8.1 per cent., New York 8.5 per cent., and California 21.2 per cent. Figures for 1975 have not been announced but should be considerably different given the prize contracts General Dynamics holds for its Fort Worth plant.

Sally Bath, chief statistician for the Aerospace Association in Washington says that "Texas is becoming an increasingly important state in the production of both military and civilian aircraft. By civilian aircraft, she means mainly helicopters

In general Texas is little affected by the ups-and-downs of its aerospace industry since the state's economy is so diversified and healthy.

In particular this also holds true for Fort Worth, where the two biggest employers for the the area population of 800,000 are Bell and General Dynamics. From 1969 to about a year ago, the number of General Dynamics employees nosedived from 33,000 to about 6,000 as military aircraft contracts ran out. Bell, which had been almost 90 per cent. dependent on military contracts stemming from the Vietnam war dropped from the wartime peak of 11,000 employees to about 6,700 in the spring of 1973.

Even with this, the city's unemployment rose from 1.7 per cent. to only around 5 per cent. during the interval. Nevertheless, city fathers were disturbed and went in search of industry to diversify the local economy. Now the city is seeing $125m.-worth of new business development, ranging from a company which will manufacture lawnmowers that requires 700 employees, to one which will make two-way communication systems in a new $25m. plant needing 3,000 employees.

The F16 of course will make a far more significant impact on Fort Worth and the surrounding region. Employment at the General Dynamics mile-long assembly plant should rise to about 12,000 and remain steady for a decade. The Chamber of Commerce estimates that the company will purchase some $682m.-worth of goods and services in the 13 counties around Fort Worth.

A General Dynamics spokesman claims that annual retail sales in the Dallas-Fort Worth area will jump by $450m. The

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A tale of two cities

:eature of the growth the past 20 years has pectacular expansion argest urban areas—d Dallas-Fort Worth. ry between them is t the power they ore than enough to he development of More than half nufacturing industry in one or the other of the state's 12m. within the boun-ese two conurbations. still be the state much of the political, the economic power e is to be found in ies.

'city" is no longer ght word to describe e. DFW, as Dallas-calls itself for short, l the title of "metro-rt for metropolitan Houston has been fast that it no longer city in the accepted word. Both "urban fact, are bound to-. by the car and a multi-lane roads that ws signs of being too he job it has to do. re of Dallas is one miserable downtown where in America. n one or two fine ildings and a few blocks, the centre of ugly and decaying—parking lots and un-l warehouses. The Houston is rather it boasts some of the ern buildings to be merica, but it is still y small area and it re of decaying older nd parking lots.

bitants of both cities, however, may fairly argue that their appeal lies in the fact that there has been so much development away from the centre of the cities and that the great growth of suburban office parks and shopping centres makes them much easier to live and work in than conventional cities. That may be true but it has also made Houston, in particular, a very polluted city because of the combination of car exhaust fumes and petrochemical pollution that now affects the city.

Energy

Houston is dominated by the oil industry and almost all the 25 major U.S. oil companies have large offices in the city. It owes its pre-eminence partly to the fact that it benefited from the exploitation of the State's own oil reserves and partly to the fact that it has used its position near the sea to develop a massive petrochemical and energy complex.

More than fifty years ago Houston decided to dig a large ship channel to connect with the sea some forty miles away. At the time this was thought to be the height of folly, but it has turned out to be extremely wise. The channel is now lined with large petrochemical and other plants which make it the world's largest petrochemical complex.

The city has also benefited from the fact that Lyndon Johnson lobbied hard to get the National Aeronautics and Space Administration to build its manned spaceflight centre near the city. Not only did this bring a good deal more money into the economy but it also helped to put the city on the map. So also did the Astrodome, the cavernous indoor sports stadium which, when it was built, was the largest in the world and attracted attention from many countries.

If NASA is no longer the power it was in Houston, the city has scarcely noticed. It was particularly fortunate because, while the rise in the price of oil seriously affected many other parts of the U.S., it meant a great deal of new business for Houston and enabled the city to consolidate its position as the energy capital of the world.

So fast has Houston been growing these past 10 years that it is difficult to escape the impression that sooner or later it will have to pause for breath if it is not to be overwhelmed by the problems that unrestrained growth inevitably brings with it. Houston has no zoning laws—the equivalent of British town and country planning regulations—with the result that the expansion has been haphazard, ill-co-ordinated and disorganised.

Without its network of freeways the city could not hang together. With it Houston almost comes to a halt in the morning and evening rush hours. There is an underdeveloped bus system and no other public transport at all. There is talk of a new rapid transit system—based either on highspeed buses or an a railway—but that is still in the planning stages and the last scheme was turned down by the voters.

Despite these problems most of the people who move to Houston appear to be very happy with what they find. The cost of living is low, housing is better and cheaper than in the north and the weather, tempered in the summer by air conditioning, is enticing. Companies that have moved to Houston have found that their productivity has increased, absenteeism has declined and few of their employees want to move back to the north.

The President of the Houston Chamber of Commerce remarked recently with a smile that the difference between Houston and Dallas was that Houston had built a city while Dallas had built an airport. But while it is true that a good deal of energy in Dallas has been concentrated on the new airport in the past few years, the differences are more fundamental.

Dallas-Fort Worth (DFW) is a partnership of two cities that have traditionally been rivals. Together they have built what claims to be the most modern airport in the world. They expected it to be a major catalyst for future growth in the region. But the two cities do not have a great deal in common despite the partnership.

Settlers

In a very real sense Dallas has no reason for existing. It owes its prosperity to its early settlers who were determined to make it into a major city. With no access to the sea, and scarcely even a rail link in the early days, they decided to build Dallas into a major distribution centre and this they have succeeded in doing. In the process the city also became the financial centre of the State although it is now being strongly challenged by Houston. This financial expertise in turn attracted insurance companies and to-day Dallas is the second most important insurance centre in the U.S.

Almost every major company has a distribution centre in the area. DFW also has a number of high technology industries within its borders and proved more vulnerable than Houston to the recession which undoubtedly has slowed down its growth in the past two years.

Nevertheless Dallas sees a strong future for itself chiefly because it believes that, as the move towards the "sunbelt" accelerates, more and more companies will want to settle near the airport which is only about three hours away from all the major cities in the country. DFW is out to become the crossroads of America.

In the past Dallas has had the reputation of being a rather cold city but those that know it best say that it no longer deserves this reputation, nor, they maintain, is the city nearly as conservative as it once was although it remains Republican. It took the city some time to recover from the shock of the assassination of President Kennedy but events elsewhere since then have shown that Dallas does not deserve to be singled out for special blame as it once was.

Recent immigrants speak warmly of the city which, like Houston, has a good supply of housing. Life in the city is equally based on the suburbs *which are well developed.* At the moment the city is trying to find a way of introducing "bussing" which will not alienate the city's white parents and it is a measure of the city's civic awareness that the plan most likely to be accepted by the Federal Judge administering the plan has been drawn up by a group of local businessmen.

The Amon Carter Museum of Western Art at Forth Worth.

Despite all the recent changes there are still accusations that Dallas is run by a small group *of businessmen* and bankers who are said to have the real power within the city. This accusation has surfaced again during the special mayoral election campaign now going on. But most observers believe that Dallas is now a much more open city than it was and recent immigrants claim to find little evidence of the tight oligarchy that is said to exist.

Although they are not many miles apart there is still a noticeable difference between Dallas and Fort Worth. The latter is more relaxed and perhaps a little more friendly and certainly rather less sophisticated than Dallas. Fort Worth retains some of the *atmosphere of a "cow town"*—it was a major centre of the State's cattle industry—but in recent years there has been an influx of new high technology industry in the area and Fort Worth is now home to General Dynamics which is building the new F16 fighter.

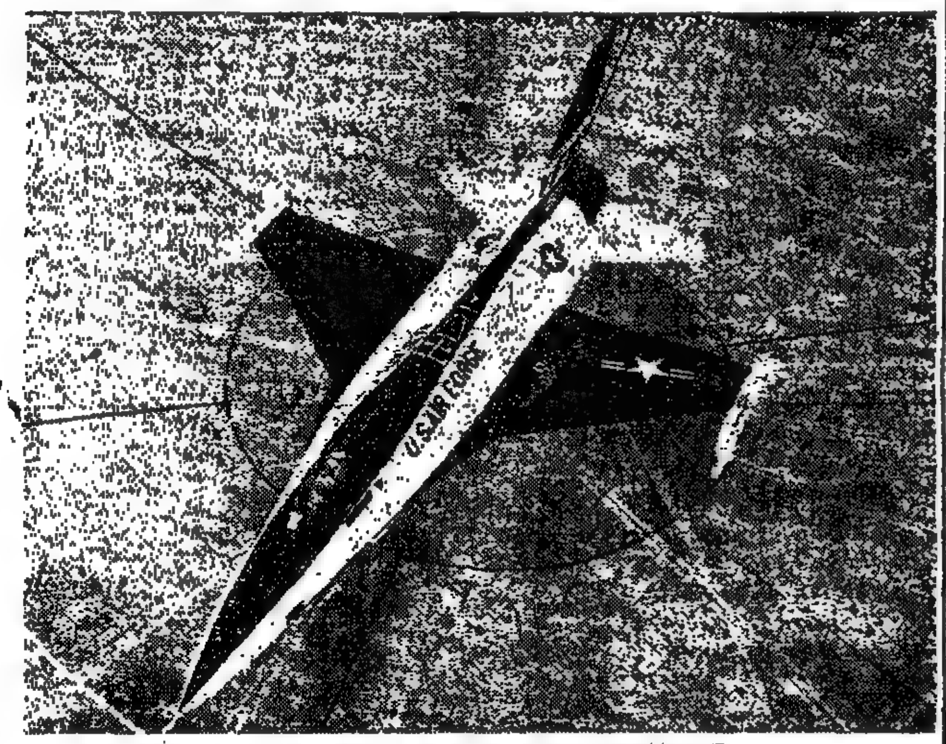
Fort Worth is also in the middle of a rehabilitation programme for the centre of the city. This has sparked a significant amount of downtown building. This new construc*tion activity is* a marked contrast to Dallas where there is very little new construction in the centre apart from a new hotel complex which is shortly to get under way and may bring some new life back into the city.

In the years ahead both Houston and DFW seem likely to face some of the problems that their own success is generating. They will have to find a way of easing the congestion on their roads which threatens to strangle both of them in time. *They may face new* demands from blacks and other minorities for better housing and other social services than they have at the moment. They will have to see if there are new ways to revive the centre, and Dallas will have to decide if it really wants to do that anyway.

Yet the two urban areas are lucky in that they have so much going for them. Unlike the older cities in the north they have the room to expand and can offer companies *all kinds* of benefits that northern cities cannot. This fact alone should give them an expanding tax base which will make it easier for them to continue to balance their books than it is for the hard pressed cities and states in the north.

There is also a good deal of civic pride in both cities which is encouraging for those who believe that they will find a way to cope with their problems. But time is not completely on their side and the *problems need to be tackled* sooner than perhaps some of the inhabitants of both cities realise.

David Bell



The General Dynamics F16 fighter interceptor.

:erospace

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also says "nation-can expect the pro-generate 55,000 to , for the components are more than 50 per ntracted."

: plane of the full-iction programme is to be completed at this year, but deliver-aircraft will not be e U.S. air force until 1978. The NATO will begin in 1979.

le at Bell, company it is almost back to : level, hovering close Now, however, about nt. of its business is cording to spokesman ch. Bell is the main n the aerospace pro-lon of the Textron n. Sales in that divi-975 were $933m. The e came from Bell, a record year, Mr. s. The division had of $40m.

producing about six models of commercial ; and an equal num-ilitary ones. In the arket, they are being many areas, such as k, construction, agriculture and moving corporate executives around in a hurry. The oil industry has been a large market, especially in drilling and production regions like the Gulf of Mexico, the North Sea and Indonesia. Shipping companies, Mr. Reisch says, are beginning to use helicopters for such activities as taking harbour pilots out to incoming vessels. Also, replacement crews, mail and supplies are flown out to ships, saving time and fuel.

Banks

One of the newest applications involve banks. In Tampa, Florida, Bell turbine helicopters *make regular trips to suburban* and regional branch banks to pick up savings deposits, cancelled cheques, loan payments, and other papers, and then swiftly take them to the bank's main headquarters for processing. This allows the banks to invest the money more quickly, and hence make more interest. The First National Bank of Tampa, stated in the January, 1975, issues of Banking Magazine that it obtains an additional 40,000 items, or about $2m. a *day by this process. Costs of* helicopters are shared by several banks.

In its military activity, Bell has numerous contracts for at least another two years' work with the Army, Navy and Marines to either update old equipment or supply new helicopters. Its biggest contract is one awarded by Iran in 1972, worth $501m. It calls for delivery through 1977 of 287 advanced transport helicopters, which carry about 15 men each and are used for a variety of utility purposes. The contract also calls for 202 Sea Cobras, a 200 miles per hour gunship like those used in Vietnam.

Mr. Reisch points out that Canada, Australia, and some governments in Europe and Latin America have switched part of their military strategy to an "air mobile concept," which the U.S. Army and Marines used in the South East Asian war. They are buying, or are receiving through U.S. military assistance, he says, transport carriers like those Iran has contracted to buy. However, he says, no other foreign country outside Iran has received the Cobra.

Well connected with the world

COMMUNICATIONS HAVE played a vital role in the past 20 years in binding together the vast sprawling State of Texas as its growth has exceeded even the expansive projections of Texans themselves.

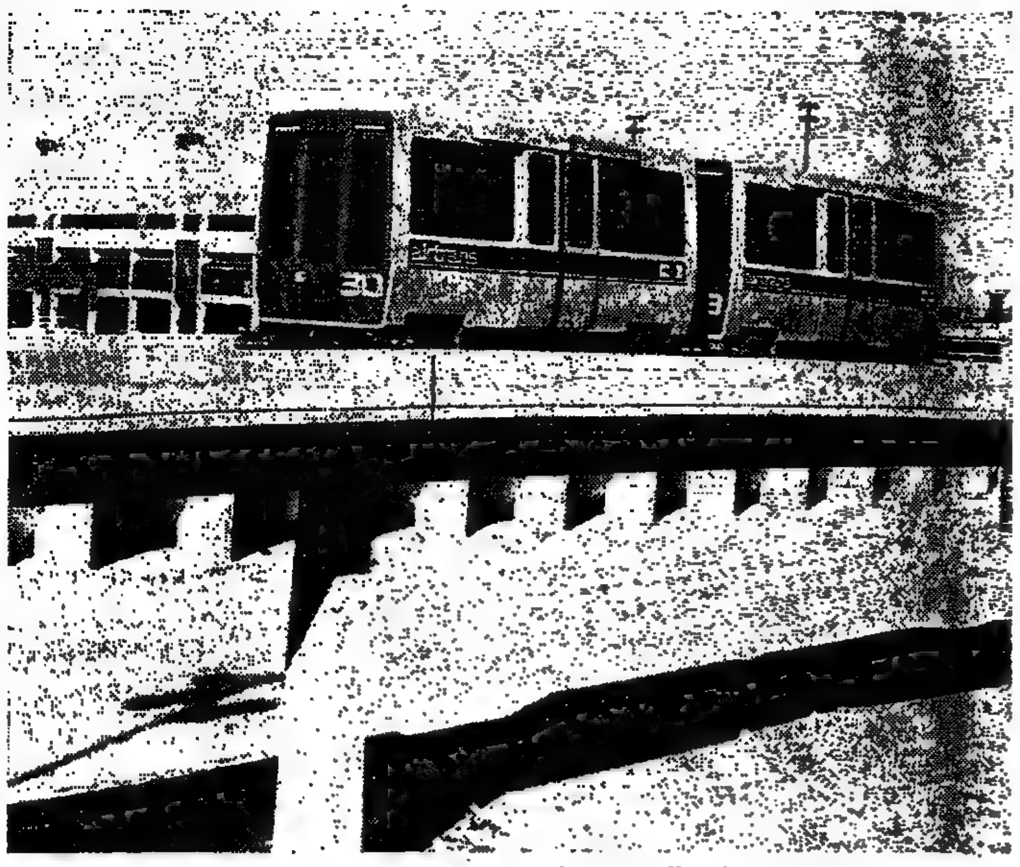
The statistics tell a good deal of the story. The State now has over 70,000 miles of paved roads, many of which are linked into the federal interstate highway system. There are some 1,200 airports which make even the remotest parts of the State easily and quickly accessible. Nearly 40 railway companies operate some 20,000 miles of track within the State connecting the major cities with 25 ports, 12 of which are deep water harbours.

The Southwestern Bell Telephone Company, which operates most of the telephone system in the State, estimates that by the end of this year there will be some 7m. telephones in Texas, almost double the number there were ten years ago. The company expects there to be some 2m. more by 1981.

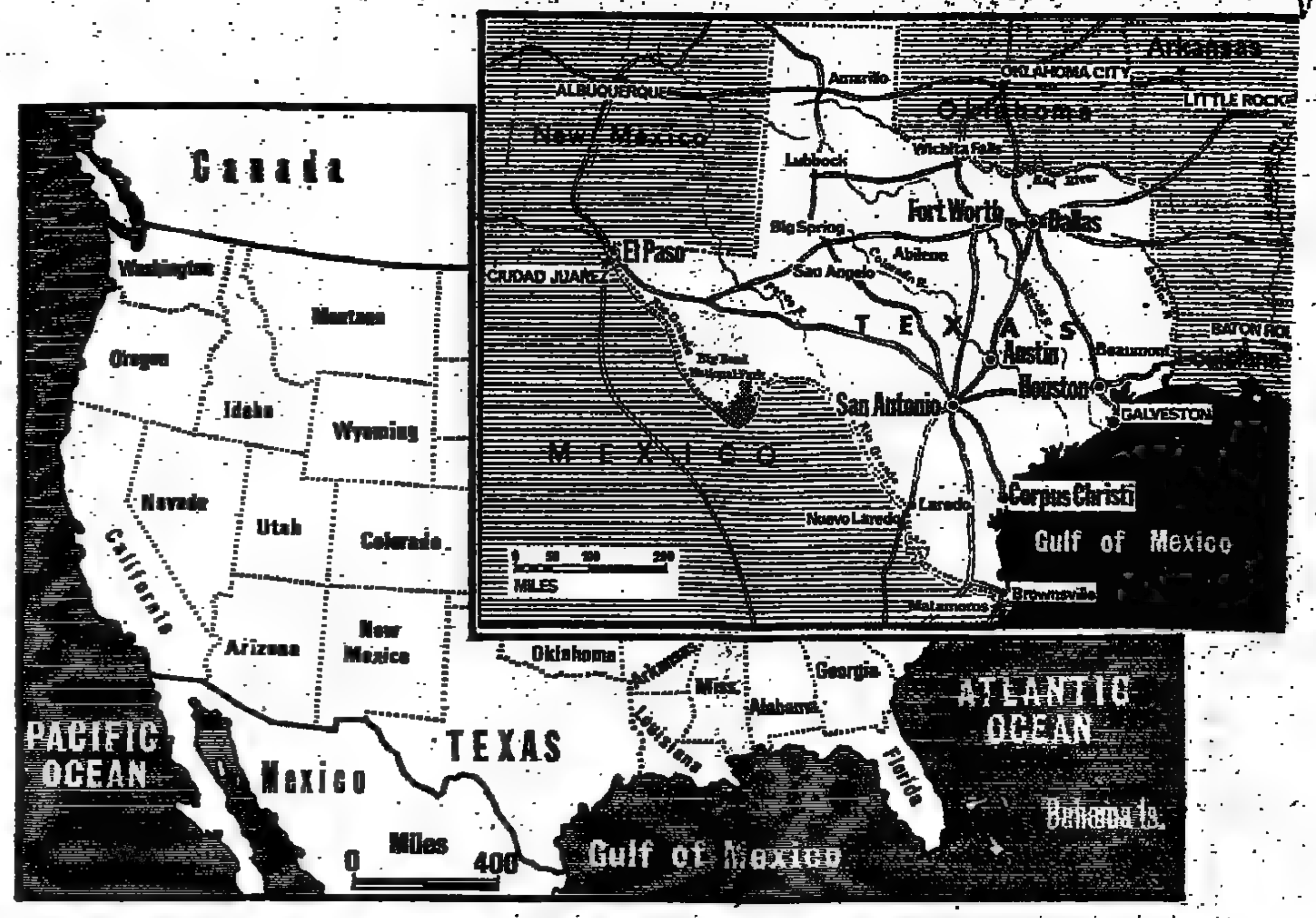
At the same time the network of oil and natural gas pipelines within the State has played an important part in its industrial growth. Some of the pipelines also feed into the national pipeline network.

Texans are proud of these statistics which they believe put Texas in a particularly strong position for the future, as the centre of gravity of the U.S. gradually moves south and to the west. For the State can fairly claim to be at the heart of the growing south-west region and, in a very real sense, at the crossroads of the country as the population continues to shift.

It was not always like this. When Dallas was still little more than a big village in the 1870s, the council had to bribe a railway company to bring its tracks to the community which it had planned to bypass. Now, however, Dallas is bidding to become the Chicago of the next century, offering its new airport as the air transport hub of the country much as Chicago was the rail transport hub in the 19th century.



The Airtrans transport system in operation at Dallas-Fort Worth Airport.



The Dallas-Fort Worth airport, midway between Dallas and Fort Worth in north central Texas, has been designed to serve as the major junction for flights not only in the south west but in the nation as a whole. Although it is only three years old it is already the fourth busiest airport in the country and the fifth busiest—after Heathrow—in the world in terms of flights handled per day.

Cargo

Only four out of an eventual 13 terminals have been built on the 17,000 acre site and the airport's planners envisage a cargo handling area so large that it will one day be able to handle some 200 cargo 747s at the same time. But this is still some way off. Last year some 7.4m. people started flights from Dallas and that number is expected to grow rapidly in the years ahead.

Seldom can an airport have been chosen to play such a key role in the development of an area, but the Dallas-Fort Worth planners are convinced that it is already playing a major part in attracting new business to the area. Dallas is already an important distribution centre and expects to become a major corporate headquarters region as well, not least because the airport is a mere three hours from almost any major city in the country.

Houston also has a major airport which has the edge for the moment in international links although neither airport can yet offer the kind of international connections that are needed. In particular both cities want a non-stop link with London. At present businessmen are forced to fly either to Miami or New York or to take an Air France jumbo jet from Houston to Paris and change. The U.S. Civil Aeronautics Board is currently considering requests from several airlines for trans-Atlantic services and it is expected that it will not be too long before a service is inaugurated. Certainly the demand is already there.

But Houston and Dallas have not been the only parts of the State to grow and there has been an explosion in the number of intra-Texas flights by local airlines offering a full range of commuter services. There is also a sizeable body of private pilots and a good number of Texans have their own aircraft.

The road system continues to play a very important part in the State's economy. Texas boasts almost as many cars as it has people and the energy crisis appears only to have had a temporary effect on Texan driving habits. The major urban areas have grown so rapidly that they have had to rely on a network of freeways to hold them together. Houston, for instance, has a good highway network which links the sprawling metropolis effectively—out of rush hour.

But Houston, and Dallas to a somewhat lesser extent, are already aware that they are going the way of Los Angeles at rush hour with the freeways clogged and exhaust pollution becoming a serious environmental problem. Since Houston has no geographical barriers to its growth—which continues at a rate of 1,000 people a week—sooner or later there will have to be some better system of mass transit than currently exists.

Both Houston and Dallas have already begun to consider plans for such a system, but there are no signs yet that either city has the will to spend the kind of money that will be needed to create one, or that sufficient thought has been given to the kind of system that might be appropriate. Even some of the smallest cities in the State, like San Antonio, are beginning to have the same problems and, as Texas grows, ways will have to be found to come to terms with the car, particularly inside the major urban areas.

Like other American states, Texas is able to rely on an extremely efficient telecommunications network which is particularly important in view of its size. Indeed while telephone demand slowed down dramatically in many parts of the U.S. during the recession which has just come to an end, Texas remained one of the brightest spots in the Bell System.

Telephones

Bell expects to spend $900m., or $3.4m. per working day, on new telecommunications facilities in Texas alone this year. The company expects to add about 348,000 new telephones during the year and proudly notes that it has only 4,000 customers who have had to wait more than 30 days for a connection.

In fact Texas has more telephones than all but seven countries in the world and in 1975 the company processed 39.5m. local and 3.2m. long distance calls every working day. Both Houston and Dallas are linked into the international direct dialling network as well which has proved a great boon for the oil companies and other organisations with overseas interests.

The Bell System does not operate all the telephones in the state, but it runs the vast majority and has been watching telephone demand in Texas and the south west of the U.S. grow steadily in the past few years. Telephone company executives, for whom telephone demand is a key barometer for the economic health of the state, see demand continuing to increase as far ahead as they can project with any accuracy.

If Dallas is trying to make itself one of the major air cargo centres of the country, Houston is already one of America's major ports. Just as the city fathers of Dallas and Fort Worth opted for the airport as a key to future growth so Houston's businessmen long ago recognised the potential of the city's location only 50 miles from the sea.

In 1914, despite prophecies that it would never be used, they opened the 40-foot-deep Houston Ship Channel which runs for 45 miles to the Gulf of Mexico. It has been consistently modernised and now boasts up-to-date container handling facilities and a new lighter-aboard-ship terminal.

The port of Houston has now overtaken New Orleans to become the third most impor in the nation, but the T ports of Beaumont, Port Art Corpus Christi and Texas are also listed among the busiest in the nation. T ports handle one tenth of marine traffic in the U.S. many of them are joined gether by more than 1,200 r of Gulf intercoastal water which run parallel with Texas Gulf coast.

Houston's position as effective energy capital of U.S. is reflected in its pos as a major pipeline ce Thirteen crude oil and pro pipelines and 21 gas radiate from Houston and 14 pipeline companies v have their headquarters ir city operate more than 12 miles of pipeline.

Texans are ready, withou prompting, to remind the v of just how much the stat to offer in terms of its with the rest of the country increasingly, with the re the world. As more and domestic businesses con plate moving away from the gested north east, and as foreign businesses set up sidiaries in the U.S., these munications links are cer a powerful reason for the consider the state very care

A university study indicates children learn basic skills faster when taught by formal methods. Michael Dixon draws four lessons.

Common-sense teaching and the Three Rs

THE PUBLICATION of a detailed research report from Lancaster University has brought this country face to face with a crisis in the conduct of its educational affairs. The question which now needs to be decided is not new: "Who shall have *power to determine which educational practices* are in the nation's best interest?" has been debated for years. What is new is that the Lancaster report—indicating that children progress faster in the basic skills of English and mathematics when taught by formal methods—has refuted for all to see, the notion that the teaching profession necessarily knows best.

The expansion of the State education system in recent years has been accompanied by complaints from parents and employers that the system's results are not to *their liking*. Outstanding among these laymen's criticisms has been the contention that the teaching profession's move away from straight-forward instruction towards an informal approach—allowing primary-school pupils considerable choice over whether to study or not—has led to a decline in youngsters' proficiency in the fundamental skills of reading, writing and arithmetic.

But the organised educational interest groups have largely dismissed these complaints, and not always politely. People voicing them have often been ridiculed as "dinosaurs," too old to have experienced the joys of a modern schooling, and too prejudiced by the authoritarian type of education *they* themselves received to concede that their own children or grand*children ought to be treated* more considerately.

In maintaining the teachers-know-best attitude—*if not in* hurling insults—the educational *unions* and other professional groups have been supported *by* several committees of educational experts officially established to conduct inquiries. An example is the Bullock Committee which 15 *months* ago re*ported on a three-year investi*gation of standards of literacy among schoolchildren, which cost the taxpayer an estimated £95,900.

The Committee stated that it had been unable to find firm evidence of any *overall* decline in the youngsters' reading and writing skills, although it did conclude that operational illiteracy seemed to be becoming increasingly concentrated among the children of unskilled and *semi-skilled* workers. This seemed an ominous point to some of the critics of *informal teaching who had* argued that, while children from homes where books are plentiful and reading a habit might well respond to an easy-going school atmosphere by wanting to read and write, children with book-less homes and non-reading parents were more likely to spend their classroom *hours just playing*.

But the Bullock Committee evidently had little patience *with this argument*. On the vexed question of teaching methods, its majority view was unequivocal. ". . . there is no one method, medium, approach, device, or philosophy that holds the key to the process of learning to read," the Committee's report declared. "We believe that the knowledge does exist to improve the teaching of reading, but that it does not lie in the triumphant *discovery, or re-discovery, of a* particular formula."

The organised educational profession accepted this judgment, even though the Committee's *supporting arguments* amounted to little if anything more than opinion. It was, after all, the opinion of people who were education experts, whereas the bulk of those who believed the opposite were not. *There was doubtless some* justice in preferring the experts' view so long as the dispute could fairly be seen as only a clash of opinions. But the research published this week from Lancaster University *suggests* that this is no longer so.

Starting with an inquiry among 871 schools in and around Lancashire, and narrowing down to a close study of ten and 11-year-old children under 37 different teachers, the University's research has produced findings which surely con*tradict the Bullock Committee's* declaration about teaching methods. It is not the only research to do this. A smaller study from Keele University has offered a similar message.

The findings suggest that the children taught by formal methods tended to be not only impressively more advanced in *the skills of English and mathe*matics, but also no less capable of creative writing than their counterparts in the more easy-going classrooms. True, the signs were that the informal approach enhances children's motivation to learn but evidently—in the vital matter of inculcating basic skills—not enough to rival the older practice of supplying the motivation from outside by *making* the *pupils work at their studies*.

Moreover, the informal approach in spite of its concern with "treating children as people" and allowing them considerable freedom of choice in sociable surroundings, was found to be associated with greater anxiety especially among pupils who were insecure or academically bright, than were the formal regimes with their emphasis on relative quietness in class and plenty of tests.

In publishing the findings, the Lancaster report takes pains to give warning against drawing simplistic conclusions from them. It points out that the sample of teachers studied included one user of the "pro*gressive*" *approach* whose pupils showed exceptional progress in the basic skills.

This point alone is a compelling reason for refraining from taking extreme action on *the report such as outlawing* the "progressive" approach. But it is certainly not a reason for taking no action at all, especially since the research sample of nearly 37 schools and teachers included only a single informal teacher whose results in the Three Rs were notably *successful*.

Throughout the controversy the more thoughtful of the *common-sense critics who postu*lated a connection between teaching method and children's proficiency in basic skills have never contended that the informal approach was by its nature useless. Their argument is merely that the effective application of this approach requires a talent for teaching far *above the average among* a schoolteaching force now numbering about half a-million. And this argument seems to be supported by the outcome of the Lancaster research.

In an ideal situation there can be little doubt that we should staff our primary schools entirely with highly talented teachers able to encourage children to learn joy*fully of their own volition the* artificial skills of literacy and numeracy, regardless of any discouragements in their home life.

But we are not in an ideal situation. Even if we were sure we had the resources of necessary talent and of the knowledge necessary to identify them, we do not have anywhere near the financial resources that would be needed *to realise such a vision*. For the foreseeable future, at least, the best we can hope for is to do the best we can for as many children as possible with the distinctly imperfect education system that we can afford.

This means leaving the highly talented as free as possible to teach as they know best, while concentrating on improving the average performance of the thousands and thousands of less gifted teachers. And as for this average performance, the following words from the Lancaster report seem to be distinctly relevant:

"The central factor emerging from this study is that a degree of teacher direction is necessary, *and that this direction* needs to be carefully planned, and the learning experiences provided need to be clearly sequenced and structured . . . It would seem less than useful for a teacher to stand by and leave a child *alone* in his inquiries hoping that something will happen. As Bruner pointed out, 'discovery, like surprise, favours a well-prepared mind.'"

If that not unduly rigid criterion is to become the rule, and the informal approach the rare and justified exception — and the result is to benefit the overwhelming majority of young children in ways that *will evidently* be useful to them in later life—then a number of detailed measures will be needed.

The first is surely a general stipulation that every child not mentally or physically incapable of it has a right to possess at least operational skills of literacy and numeracy by the time it leaves primary school, and that teachers have a duty to see that this entitle*ment is satisfied*, whether the child appears to want it or not. At present there seems to be no *specification* on what a teacher should achieve, or a pupil should attain.

The second need is for national tests whose results, with a head's report, would be used in judging a teacher's performance. There would be no question of rewarding or *punishing* a *child's perfor*mance in these tests, and the Lancaster research suggests that testing does not normally inhibit pupils' progress in the basic skills or their "creativeness."

The third need is for an order to teacher-training colleges to indoctrinate students less with the informal approach so enthusiastically supported by the Plowden Committee in 1967, but now so coldly challenged by *empirical* evidence. Although "progressives" are in the minority—only 17 per cent. of the Lancaster sample—they seem to be concentrated among the nation's younger teachers. The colleges need also to be *told* to give their students more training in the skills of teaching.

The final need is for the Secretary of State for Education to be able to supply "earmarked" funds to local authorities for further research in State schools. Although the Lancaster project has provided a valuable guide for action, *it is essential* to continue seeking ways in which the average teaching per*formance* can be improved.

To introduce these measures would—surprising though it seems—require the Cabinet-ranking Mr. Fred Mulley to be given powers that he does not have as Education Minister. If he could be given them with the consent of the organised teaching profession, so much the better. But if, as seems more likely, this consent were lacking, then the Minister and his potential Conservative successor should surely prepare to take the necessary powers anyway.

Angela Phillips

All smoking, all looking interested, but learning? Pupils and teacher at White Lion Free School.

Letters to the Editor

Investment Trusts

From Mr. N. Prowse.

Sir,—Mr. Grimond's letter (*April 22*) *reflects the dismay* among investment trust shareholders at the increasing discounts to asset values needed for their shares to find buyers.

The problem is not one of investment performance, nor of *management expenses*, which remain relatively small, nor of the plethora of trusts with confusingly similar names, nor of the incestuous relationships, by which some trusts have large holdings in each other. It is a *simple problem of supply and* demand. The industry is just too big for the market it now has.

On the supply side only a few trusts have disappeared by take-over or conversion into unit *trusts*. *Managers of closed-end* funds like investment trusts can only increase assets under management and hence raise fees to offset higher costs, by rising equity prices or launching new trusts. Since equity prices in the U.K. and U.S. have moved sideways for more than a decade, while costs have soared, there is always a temptation to launch new trusts—a temptation managers succumbed to en masse in the last stock market boom of 1971-72.

On the demand side many of the traditional holders of the shares have moved elsewhere. *Institutions like insurance com*panies and pension funds, who now dominate markets, have grown to the size where they employ managers of their own, who cannot justify handing over the investment of their assets to *others*. The individual investor is a declining species and prefers now to save and invest through pension and insurance schemes or through *unit* trusts, where he can be sure of redeeming at any time at asset value.

The discount on investment trust shares can only increase further, as long as this imbalance between supply and *demand* continues. The industry must either increase demand by finding new markets and or re-designing its product, or it must reduce supply by *shrinking* in size. Otherwise holders of investment trust shares will have to take matters into their own hands and force the poorer-performing trusts into unitisation or takeover, since the managers themselves can hardly be expected to volunteer for extinction.

Nicholas G. Prowse.
Olive's Farmhouse,
Ongar Road,
Great Dunmow, Essex.

Flooring material

From Mr. N. Wright.

Sir,—*The letters on Floors*—timber, concrete or brick?—cannot be left unanswered.

Mr. Rackham (April 23) is right to point out the advantages of concrete in certain situations, but to suggest that *concrete* could or should replace timber for first floor joists and flooring "available at no extra cost" is surely (like his floors) a *bit* hard!

If he would look on Page 39 of the same issue he would see that, unlike the materials from which his product is made, *tim*ber is a constantly renewing crop, a building material of infinite variety, capable of being made rot and fire-proof, available to the highest engineering specifications and above all, is (*unlike concrete*) both easy to handle and adaptable on site or in the factory.

The millions of pounds spent on importing timber into the U.K. is but a drop in the total import bucket and, were this curtailed, I suggest that a greater degree of unemployment would result than the additional employment created by an increase in the demand for concrete floors.

I agree also with Mr. J. Scott McBride (also April 23) that bricks are beautiful and, as he rightly says, possess many ad*vantages over alternative* materials, but please! not for first floor joists or floors! Readers may be interested to know that Mr. Scott McBride spent the past ten years or more as Director of the Timber Re*search and* Development Association promoting with great success, timber-framed buildings and there is a growing opinion in this country that a timber-framed building clad partially in brick is probably the most *economic housing structure* from every point of view: prime cost, maintenance cost and particularly running cost, as such structures have an exceptionally high insulation value.

One of the most important aspects of house design in these days is flexibility for change; a timber-framed house is comparatively easy to extend or modify, not so one made with concrete floors!

N. I. Wright.
G. and N. Wright,
Blyth,
Northumberland.

Renewable timber

From The Director,
Fibre Building Board
Development Organisation

Sir,—May I join in the correspondence between Sir Kenneth Wood (April 6), Mr. J. G. Sunley (April 13) and Mr. J. Scott McBride (April 23)? Dealing first with Sir Kenneth's letter, his claim that a concrete floor is "fire proof" is misleading. No less an authority than the *British Standards Institu*tion affirms that the term is incapable of definition.

While Mr. McBride *may claim* that the energy requirement for brick manufacture is low, a NEDO report published in June *1974 entitled "The Increased* cost of Energy Implications for U.K. Industry" showed that the energy content of timber was somewhere between a fifth and an eighth of that of fletton bricks. Moreover, to elaborate on one of Mr. Sunley's points, since we are compelled to import most of our timber and wood-based sheet materials, most of the energy content is supplied elsewhere. This may be a subject for debate on an international basis, but it is certainly *a bonus as far as this country is* concerned.

I fail to see how Mr. McBride can support his assertion that the raw materials for brick, albeit indigenous, "will be available long after alternative building materials are virtually unobtainable." I think that in fact any "official, independent, responsible survey" that may be undertaken will be forced to the conclusion that timber and its derivatives, coming as they do from the harvest of the forest, *are the only renewable building* materials in use. All the others are extractive and sooner or later will be used up. Thus *will the pressures of Mr. Sunley's* market place assert themselves more and more in favour of timber and wood-goods.

E. A. Raynham.
6-7, Buckingham Street, W.C.2.

The place of banks

From The Chief Executive,
Rofco.

Sir,—Mr. Gordon Tether (April 12) and Mr. W. Courcouf (April 26) urge a wider debate on the position of the banks in our financial structure. Mr. Gordon Tether's article was prompted by the decision of Barclays Bank (soon, it seems, to *be followed by National West*minster and then probably the remainder of the Big Four) to increase its bank charges and this has understandably opened the way to a consideration of what the banking system pro*vides for the rewards it obtains*. Like Mr. Courcouf I would also support the call for a wider debate which could clarify the question of whether we should control more closely the influence which the big banks now *have on the financial workings* of our society.

The debate I would urge, stimulated by the catalyst of the writings on bank charges and on the management of bank assets, would direct itself to the exact *position of our large commercial* banks within the part market/part controlled economy we have. Should we, for example, let the banks evolve like other businesses and industries have done, with the making of profits *as their incentive*? *Their very* success in achieving this aim, accompanied by the greater size and widely spreading leverage which this entailed, has forced them into the clutches of controlling authority designed to *limit any damaging influences of* their activities for the greater common good. Or does the particular line of business of the banks give them a disproportionate effect on our economy such that it becomes justifiable to *control the growth of their acti*vities and the growth of their influence at an earlier stage in their business evolution than that of other commercial activities, which now find themselves nationalised or close to being nationalised?

Once we have initiated the wider debate we will encompass such questions as what level of *bank charges should be levied*, if at all, to what type of customer and whether the banks should invest in Treasury Bills or, *indeed*, provide any type of industrial loan as a service to the corporate society or with an eye to future profitable growth? In this context we have recently had the Chancellor of the Exchequer suggesting the possi*bility that medium term bank* loans to industry might become eligible for refinancing at the Bank of England. This is yet another aspect of the debate to clarify the precise function which we think the banks should perform in our society.

R. F. Coyle.
Brooklands
Friars Close,
Shenfield,
Brentwood, Essex.

Market forces and tankers

From Mr. A. Barber.

Sir,—Tanker owners are not largely responsible for their troubles. They are wholly re*sponsible* and, *as a taxpayer*, I find that very comforting. Likewise the banks involved are not asking anyone for sympathy, so *why is Lombard (April 26)* getting all steamed up?

Concern for the shipyard workers perhaps. But who made it possible not so long ago for a U.K. tanker owner ordering a new building in, say, Germany to get 80 per cent. credit from Germany and a 25 per cent. investment grant in the U.K.? How is it that the world's shipyards could to-day renew the whole of the world's fleet in only seven years? Then what sort of State planning is it which permits a growing Soviet fleet to defy traditional economics in fixing rates on various liner and container *routes*?

There are no rival systems, nor real alternatives. At international level, State planning does not exist. Either shipowners compete to provide the world's shipping needs or governments do *so*. *Losses will be* made from time to time under both arrangements—although governments can, by operating inefficiently, disguise them for a while. Workers will suffer or prosper just as surely either way. *Does anyone think that* the game will become less violent if the protagonists are bigger?

A. S. Barber.
22, Sanderstead Court Avenue,
South Croydon, Surrey.

Consumer Credit Act

From Mr. R. Benns

Sir,—Mr. Andrew Breach of Bristol and West Building Society was recently quoted as saying "There is far too great a tendency to legislate as a *result of minority agitation*." How true this is.

And how much truer when one considers the problems which are impeding the implementation of The Consumer Credit Act. Out of over 400,000 complaints recorded by the Office of Fair Trading in its second annual report only 1,253 were in respect of consumer credit. *Less than 0.31 per cent. And this* with instalment credit balances outstanding (excluding banks) exceeding £2.3bn.

If ever there were a case of needless and extravagant legislation, this is it.

R. E. Benns.
Longstone House, Saltash.

Waste paper and board

From The Press and
Information Officer,
British Waste Paper Association

Sir,—I have followed the correspondence on waste paper and board with some interest since it began on April 5 and had not intended to intervene. Since, however, the integrity of the president, past president, and by imputation the 12 other *members of the council of this* association, has been unfairly maligned, I feel that it is time the *record* was put straight.

At the annual meeting of this association in March 1975, the membership of the British Waste Paper Association did *not* vote unanimously against supporting the consuming mills in their effort to gain Government finance for a stock support scheme. The resolution carried unanimously read "Members of *this association* did not seek Government support in stocking waste paper"—which is an entirely different matter.

Mr. John Adams, director-general of the British Paper and Board Industry Federation (April 15) was right and wrong in making the statement—"*At no time has the Federation been* informed that the BWPA had voted unanimously against it. Nor are we aware that the *Government had been so in*formed." In the first place it was a decision to be communicated to the Advisory Group on Waste Paper Recycling and secondly since this "group" was chaired by a Government Minister, it follows that the Government had been so informed. Since Mr. Adams was not a member of the advisory group, it would perhaps have been wiser of him, had he consulted the chairman of the Waste Paper Committee of the BPBIF, who represented his federation *on the* advisory group, before he went into print with such a misleading statement.

To all members of the BWPA, except, apparently Mr. Wilkins (April 23), the resolution voted upon made the situation crystal clear—members of the BWPA do not seek Government finance for themselves—but they do support the mills in their effort to get buffer stock finance.

It is perhaps relevant to point out that members of the BWPA process and supply 30 per cent. or more of the mills' intake of waste paper and that the mills' waste paper consumption has steadily increased from 665,000 tons in 1939 to just over 2m. metric tons in 1974, proving conclusively that the job can be done without being "blinded with science."

Gordon Hughes.
222, Strand, W.C.2.

Giant brewery complexes

From Mr. A. Evans.

Sir,—Kenneth Gooding (April 26) is mistaken if he believes that our recent review of Watney criticises companies like Allied *and Bass Charrington for setting* up giant brewery complexes. The change in the industry's cost structure to which he refers has affected different companies in different ways and is in any case only one of many factors influ*encing the optimum size* of breweries.

When Watney's Mortlake brewery is fully operational it is expected to have a capacity of 1.8m. barrels a year which, as a proportion of Watney's overall *level of production*, is not dissimilar to that represented by Runcorn for Bass Charrington or Burton for Allied. Admittedly, plans for the extension of Mortlake were probably too advanced to be reversed when the present Watney management became involved with the company, but whether the present Board would have made a different initial *decision is impossible* to determine. Even if a different decision had been made it would still not have meant that Allied and Bass Charrington were wrong, given their different geographical coverage and product mix.

Finally, our review is about Watney and the way a new top management is dealing with that company's problems. The main *differences* between Watney and its competitors appear to relate more to corporate structure and management responsibilities than to how *much* beer *should* be brewed at a single brewery.

Alan V. Evans.
Panmure Gordon and Co.
9, Moorfields Highwalk,
E.C.2.

Fire protection insurance

From The General Manager,
Hegg Robinson (U.K.).

Sir,—The article on contingency planning in your fire protection feature (April 23) could be misleading in its reference *to consequential loss insurance*.

A compromise to cover all wages for only four weeks could be disastrous. This is yet an*other area affected by legislation* and to allow for potential liabilities under the Redundancy Payments Act, Contracts of Employment and now Employment Protection Act an employer needs to arrange insurance on all wages for 17 to 20 weeks. This is still partially a "grey area" but four weeks cover is definitely not on.

M. W. Painter.
Phoenix House, Station Hill,
Reading, Berkshire.

To-day's Events

GENERAL

TUC General Council reviews progress of wages policy talks with Government.

British Leyland gives evidence to House of Commons Select Committee regarding public expenditure on Chrysler U.K.

Dr. David Owen, Minister of State, Health and Social Security, gives evidence on preventive medicine to House of Commons Select Committee.

Mr. Andrei Gromyko, Soviet Foreign Minister, on official visit to France.

President Geisel of Brazil on official visit to France.

Lord Ryder, chairman, National Enterprise Board, speaks on "Achieving Economic Growth and Profitability" at Industrial Society lunch, 3, Carlton House Terrace, S.W.1.

Lord Watkinson, CBI deputy-president, speaks at British Chemical Trades and Dyestuffs *Association* dinner, Dorchester Hotel, W.1.

Association of Certified Accountants' annual general meeting, YMCA Building, W.C.1.

PARLIAMENTARY BUSINESS

House of Commons: Debate on local government.

House of Lords: Debate on development of social policy.

OFFICIAL STATISTICS

Construction new orders (February).

COMPANY RESULTS

Clarke Chapman (full year), Foseco Minsep (full year), Telephone Rentals (full year).

COMPANY MEETINGS

Anglia Television, Norwich, 2.30. Artagen Properties, Rembrandt Hotel, S.W., 12. BCA, Portland House, S.W., 12. Blackman and Conrad, Bonnington Hotel, W.C., 11.30. Equity and Law Life Assurance, 20, Lincoln's Inn Fields, W.C., 12.15. London and Manchester Assurance, 14-20, St. Mary Axe, E.C., 12. Manchester Garages, Manchester, 12. Ratcliffs (Great Bridge), Birmingham, 3. Sale Tilney, 28, Queen Anne's Gate, S.W., 12.30. Solicitors' Law Stationery Society, Howard Hotel, W.C., 12.

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COMPANY NEWS + COMMENT

Lead Industries turns in £13.65m.

PRE-TAX profits of the Lead Industries Group show a fall of £7.67m. to £13.65m. for the full year 1975, after being down by £7.1m. to £6.3m. at halfway.

The directors report that the poor worldwide demand for metals and chemicals, and the consequent fall in market prices, which began to affect most products in the second half of 1974, continued during 1975, but there was a marked improvement in some, though by no means all, products in the last quarter.

They point out that in earlier statements it was suggested that, because of the exceptional conditions in 1974, particularly in the first six months, it would be more meaningful to compare results for the first half of 1975 with the corresponding period in 1973. In the event, profits for 1975 as a whole show an improvement on the basis of historic accounts of about 12 per cent. over 1973—taxable profit for that year was £12.2m.

The directors add that the improvement in demand for some products shown in the closing months of 1975 has continued, and spread to some others during the early months of 1976, though it is becoming increasingly difficult to recover increases in costs, including those for energy, especially where price controls are operating.

Overall, however, profits for the early months of 1976 are expected to be ahead of 1975, and it is hoped that the increase in demand already reflected will continue to spread.

Earnings after tax per 50p Ordinary share are shown at 17.74p for 1975 against 26.95p for 1974. A final dividend of 2.97p lifts the net total from 4.69 to 5.09p—the gross equivalent of 7.8308p (7.1268p) is the maximum permitted.

	1975 £000	1974 £000
U.K. subsidiaries' sales	95,003	105,058
Overseas subsidiaries	37,830	40,949
Total	131,842	146,027
Proportion assoc. cos.	60,103	55,805
Trading profit	9,614	11,880
U.K. subsidiaries	3,578	7,210
Overseas subsidiaries	4,052	4,079
Share associated cos.	5,287	10,745
Making	14,571	22,034
Interest payable	1,221	1,312
Profit before tax	13,650	21,322
Taxation	6,886	11,138
Minority	249	346
Net profit	8,518	9,818
Extraordinary credits	194	*72
Dividends	1,029	1,781
Retained	4,718	7,963

* Debits.

It is also announced that the company has been informed that Imetal, a French company whose principal interests are in the non-ferrous metals field, has received Bank of England consent to increase its present holding of 9.9 per cent. of the Ordinary shares.

Imetal intends to maintain its investment, when achieved, on a long-term basis, and has reconfirmed that it has no intention of acquiring a controlling interest, nor does it intend to acquire such an interest as would give rise to a merger situation under the Fair Trading Act.

Discussions are continuing between the two companies, covering co-operation in process research, the development of overseas sales in certain territories, and the setting up of joint ventures.

● comment

The lead price has jumped by two-thirds this year, and as an obvious commodity hedge Lead Industries is not far behind: the shares are now 28 per cent. above their 1976 low. At this stage, outside estimates of the 1976 profit recovery start at around £18m. pre-tax, after the drop from a stock inflated £21.3m. last year; and the associates—which contributed close on half of 1975's pre-interest total—are leading the way up with £3.2m. of last year's £5¼m. coming in the second half. The group's working capital pressures are now beginning to rise noticeably. But the balance sheet started 1976 with net debt barely an eighth of shareholders' funds, and the shares yield 5.3 per cent. at 151p, covered 3½ times.

HIGHLIGHTS

Despite higher pension provisions and a slowdown in the sales growth profits at **Marks and Spencer** are slightly better than expected. Profits at **Tozer Kemsley** are also better than expected thanks to an exceptionally high contribution from the overseas property side. Lex also takes a look at the rights issue from **Selection Trust** which on the basis of two for nine at 400p is set to raise £20m. Elsewhere, profits at **Lead Industries** are sharply lower, in line with expectations, but with lead prices now considerably higher this year should see strong recovery. Considering the depressed state of the office equipment market the £0.3m. gain in pre-tax profits at **Office and Electronic Machine** is fair going. After nine months profits at **John Haggas** are 21 per cent. higher indicating some slowdown in the growth trend in the third quarter. **Silentnight**, however, has shown recovery plus finishing the year some 42 per cent. ahead of the previous peak figure.

Peak £1.8m. from Silentnight

PROFITS before tax of Silentnight Holdings have shown a strong recovery to reach a record £1.81m. in the year ended January 31, 1976. In 1974-75 they had fallen from £938,433 to £380,207.

And for the first two months of the current year, profits are "significantly ahead" of those achieved in the same period last year, the directors report.

Stated earnings per 10p share increased from 1.7p to 7.5p and the net final dividend is 2.263546p making a maximum permitted total of 3.313546p compared with a single 2.1p final.

The group makes mattresses, divans, upholstered furniture, etc.

	1975-76 £	1974-75 £
Turnover	21,507,743	16,499,380
Interest	294,318	310,197
Profit before tax	1,806,095	380,207
Tax	1,051,156	209,304
Net profit	754,939	170,677
Extraord. credits	36,829	39,181

● comment

Silentnight, having paid the price for over expansion with two years of falling profits, now returns with more than a mere recovery, for profits are 42 per cent. above the previous peak in 1972-73. Production-cutbacks (two factories were closed) and pruning of overheads, including a 10 per cent. reduction in the workforce, enabled the company to improve profit margins to 8.3 per cent. against 2.3 in the previous year, though they are still a couple of points below the 1972-73 figure. This year has started very well, and working on current trends and past precedent—Silentnight usually has two good years after two lean ones—a further record year looks likely. Anyhow, the dividend is fully restored and the shares rose to 57p yesterday, indicating a 9.3 per cent. yield and p/e down to 7.3.

Improving trend at S. Lyles

After taking into account £66,894 received under a loss of profits insurance claim relating to unfulfilled Australian contracts, profit, before tax, of S. Lyles amounted to £31,067 for the 27 weeks ended January 4, 1976, compared with £80,712 for the first 28 weeks of 1974/75.

The trading improvement indicated last November has continued and profit in the latter part of the first half practically overtook the losses in the earlier part, according to Mr. John Lyles, chairman.

In November last year he said the company expected to make a profit in the current year—last year a loss of £402,813 was incurred.

Stated earnings per 20p share are 0.41p (1.07p) for the first half and the interim dividend is being held at 1p net, absorbing £36,319—the previous year's total was 2p.

In 1976 so far, "good levels of production are being maintained at a satisfactory profit rate." Current orders, dependent on demand, are good on a short-term basis, and there are signs of improvement in exports, he adds.

The company operates as carpet yarn spinners and dyers.

	First half 1975-76 £	1974-75 £
U.K. turnover	2,529,302	1,837,049
Exports	637,296	1,491,358
Total	3,166,799	3,328,408
Profit before tax*	31,067	80,712
Tax	16,156	42,000
Net profit	14,913	38,712

* After £66,894 received under insurance claim relating to unfulfilled Australian contracts

● comment

Excluding the special credit of £66,894, S. Lyles' interim results show a loss of close to £36,000—which, however, disguises a strong profit recovery in the last two months of the period. The impetus here is coming from a revival in the U.K. carpet market—domestic sales are up by 36 per cent.—while the company has withdrawn from the Australian market which accounts for the 57 per cent. drop in exports. Domestic demand is continuing strongly while sales to Europe are also growing apace, and the company reckons on a full-year turnover of well over £7m. against £5.5m. last time. Furthermore, Lyles has been able to reduce borrowings from the end-June figure of £1.05m. and expects to make further reductions in the current half. Optimism over the full-year outcome explains the payment of an uncovered maintained interim, though Lyles prefers to hedge its bets by making the amount of the final payout conditional on results. At 49½p, the company is capitalised at £1.8m.

Statement, Page 12

Big earnings rise seen by Yarrow

SHIPBUILDERS and boilermakers, etc., Yarrow and Co., reports pre-tax profits of £2.37m. for the half year to December 31, 1975, compared with £2.57m. last time.

After lower tax of £1.21m., against £1.32m. and a reduced transfer to special reserve of £0.96m. against £1.07m.—being the net profits of Yarrow (Shipbuilders)—the amount available for distribution is up from £183,000 to £207,000.

Chairman, Sir Eric Yarrow, says the amount available for distribution for the full year will "significantly exceed" the £466,000 of 1974-75, and will provide more than adequate cover for the maximum permitted dividend. Meanwhile the interim payment is 1.4p (1.3p) per 50p share.

Pre-tax profits for all 1974-75 were £6.38m. Tax took £3.26m., the transfer to special reserve was £2.2m., and there were extraordinary debits of £0.45m. The final dividend was 2.45375p.

The Board has no knowledge of any extraordinary items to be provided for this year, and has assumed that the Ministry of Defence and the Department of Industry will approve a "fair and reasonable" distribution from Yarrow (Shipbuilders).

A letter accompanying the interim statement deals with the present position regarding nationalisation of Yarrow (Shipbuilders). Sir Eric says the Board remains firmly opposed to nationalisation and considers that the compensation terms proposed by the Government "are wholly unreasonable." Continuing efforts will be made to have the terms improved so that shareholders "do not suffer a serious injustice."

The Ministry of Defence has been asked to authorise a reasonable distribution to Yarrow and Company of the post-tax profits earned by Yarrow (Shipbuilders). As this application is still being considered no allowance has been made in the above figures, and the amount ultimately approved to distribution will be included in the annual accounts.

On prospects the chairman states that it is not practicable to make reliable predictions, but the Board is confident that the other activities can be further developed and will continue to achieve satisfactory profits, following the nationalisation of Yarrow (Shipbuilders) if this should take place.

● comment

The nationalisation threat has not done any great damage to Yarrow's share price, which rose a further 2p yesterday and currently stands at an all time high of 172p. Net assets of Yarrow (Shipbuilders) now amount to over £9m., or roughly twice the possible compensation payment. But a market capitalisation of nearly £7m. is geared to the fact that total shareholders' funds are now roughly £15m., and a prospective dividend of around 6.3p per share gross has already been covered by the non-nationalisation businesses.

Statement, Page 26

Mercantile Investment

The Board of Mercantile Investment Trust, whose net assets are currently estimated at £100m., was criticised at yesterday's AGM by shareholders dissatisfied with the group's performance.

Chairman, Mr. J. A. F. Binny, said the reason for "the poor performance which the Board admits," was largely its overseas currency loans designed to give flexibility with overseas investments without incurring the premium disadvantage.

He also explained that some £2m. had been lost in the U.S. on investments, in real estate trusts which had been particularly hard hit in the recession.

He now hoped "with the change in the position in the U.S. that our gearing—we are still quite highly geared—will work in our favour where previously it was working very much against us."

He did not think expenses were excessive and commented that the rates bill had increased by 58 per cent.

Outlook at C. H. Bailey

By broadening their approach in difficult times for the industry, the directors of C. H. Bailey, the South Wales ship repairers, arte confident that their continued policy of diversification and cash conservation will give them the strength to survive the stormy times ahead.

In his annual statement, the chairman, Mr. Christopher Bailey, says that, unlike many others, the group is fortunate to be earning a cash surplus although profits are much reduced.

Members are told that indications for 1975-76 resulting from the continuing economic depression show that "we will have to draw even more on the strength of our partnership between management, employees, directors shareholders, trade unions and our customers if we are to continue our prosperous growth."

The year to April 1977 will be even more difficult than 1975-76, states the chairman, but because of the underlying strength of the group, the directors intend declaring an interim dividend for 1975-1976 of 0.19199p per 10p share after the AGM. Unless the present regulations are changed it is unlikely that any final dividend will be paid.

As reported on March 20, pre-tax profits fell from £1.17m. to £0.8m. in the period from March 30, 1974, to April 4, 1975, on turnover of £10.4m. against £8.76m. An interim dividend of 0.184p net was paid but there is no final.

An analysis of turnover and net profits—£464,000 against £1.03m.—shows (£000s omitted): Electrical contracting £798 (£789) and £95 (£124), haulage and plant hire £2,188 (£918) and loss £7 (profit £123), ship repairing and engineering £8,325 (£7,041) and 345 (£422), sundry £1,819 (£1,908) and £351 (£356).

The company's report and accounts, issued in an unusual tabloid format, reiterate the Board's arguments against the nationalisation of shiprepairing.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Belgrave (Blackheath)	2.6	July 8	2.4	2.6	2.4
Border and Southern int.	1.75	May 28	1.75	—	4.8
British Vending	Nil	—	Nil	0.42	0.39
Estates Duties Trust	4.2	—	5.82*	7.0	6.36*
FC Construction	1.63	July 7	1.74	2.8	2.63
Fundinvest int.	0.83	June 1	0.73	—	1.66
Lake View Trust	1.1	July 1	0.85	1.65	1.5
Lead Inds.	2.97	—	2.76	5.09	4.69
S. Lyles int.	1	July 1	1	—	2
Marks and Spencer	2.25	July 16	2.11*	3.45	3.24*
Office and Electronic	2.27	July 8	2.14	3.32	3.12
Silentnight	2.26	—	2.1	3.31	2.1
Spencer Gears int.	0.28	July 2	0.28	—	0.89
Tern-Consulate	0.5	—	Nil	0.5	Nil
Tozer Kemsley	1.63	June 10	1.48	2.22	2.03
Yarrow int.	1.4	May 28	1.3	—	3.73

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

Office & Electronic progress

FOLLOWING the increase from £658,761 to £709,578 in the first six months, Office and Electronic Machines finished 1975 with pre-tax profits of £1.49m. compared with £1.19m. previously.

Stated earnings per 25p share advanced from 9.72 to 11.73p and the net final dividend is 2.27p making a total of 3.32p compared with 3.12p in 1974.

The year's results include ten months trading of Imperial Business Equipment.

	Year 1975 £	1974 £
Turnover	12,573,512	9,290,831
Profit before tax	1,485,536	1,186,779
Tax	766,900	591,336
Net profit	718,636	595,424
Extraord. credit	—	441,203
Retained subs.	32,720	44,636
Available	683,915	992,150
To general reserve	400,000	750,000
Dividends	203,546	168,278
Retained parent	83,369	33,807

● comment

OEM's results were better than expected, and the shares were marked up 4p to 67p. Over 60 per cent. of turnover comes from sales of office typewriters where the market in 1975 was soft, with a drop of a quarter in electrics and a fall of a third in manuals; yet OEM overcame that handicap by improving its market share (now reckoned to be a third) while at the same time marking up prices sufficiently to recompense for currency weakness (typewriters are imported from Germany). For the rest, Imperial's plain paper copier seems to have been well accepted in the market, while the Adler calculators have participated in a growth sector. These products provide about 10 and 15 per cent. respectively of turnover. For 1976, prospects are enhanced by a full year's contribution from Imperial plus further synergy, and planned new product launches including the Adler single-element electric typewriter. So, even if there is no broad-based investment in the office sector, OEM should improve its profits. Outside forecasts range up to £1.7m. pre-tax, to give a prospective p/e of 4.8—low enough for a tightly held share. The current yield is 7.9 per cent.

John Haggas ahead and optimistic

Both sales and pre-tax profit in the spinning, knitting and fur fabric divisions of John Haggas show improvements during the nine-month period to March 30, 1976, and the directors are optimistic about further progress.

When announcing first-half profits up from £0.91m. to £1.2m., the directors said they expected record year results—profit for 1974-75 amounted to £2.14m.

They now report that sales for the nine months increased from £10.02m. to £12.14m. and pre-tax profits was £1.81m., compared with £1.48m.

The spinning division has been operating at full capacity on a seven-day week and there has been a marked increase in new orders, mainly for export. Prospects are "excellent for a further increase in profits."

New orders in the knitting division have improved in recent weeks and this is expected to continue.

The directors are "most optimistic" about prospects in the fur fabric division and it has been decided to double capacity at the Huddersfield factory, with additional production coming on stream early in 1977. Approximate cost of this expansion is £750,000.

The directors say it is "now clearly evident that we are at the beginning of an export-led boom.

	Nine months 1976 £	1975 £
Total sales	12,136,450	10,017,222
Spinning	7,828,137	6,112,139
Knitting	3,161,911	2,002,361
Fur fabric	1,846,402	1,902,726
Depreciation	447,200	390,700
Pre-tax profit	1,808,138	1,483,108
Spinning	1,172,924	1,023,091
Knitting	338,450	254,546
Fur fabric	277,764	205,471

● comment

John Haggas's apparent slowdown in profits growth in the third quarter (only 6 per cent. up compared with increases of above 30 per cent. in the previous two quarters) can probably be accounted for by the completion of a batch of cheaper orders in the period and the timing of interest payments. Over the full nine months, both sales and profits were up by over 21 per cent. and performance in the current quarter matches the standards set in the first half. While the U.K. slump continues, with the knitting division having suffered from fierce price competition, exports—by the spinning division in particular—are leading the advance at some 40 per cent. of turnover now against around 15 per cent. last year. This trend is expected to increase margins substantially in the future, especially while the pound devaluation allows scope for good prices in Europe. Meanwhile, cash continues to accumulate, with more than £5m. still invested in Government stock. Haggas has a p/e well below the sector average, but even with a maximum dividend this year the shares at 313p would still yield only 1½ per cent.

ISSUE NEWS AND COMMEN

B. Elliott raises £1m. by rights

B. Elliott is raising £1m. by way of a one-for-five rights issue at 50p per share. The group is also forecasting a pre-tax profit of not less than £2.95m. (£4.6m.) for the year ended March 31, 1976, which after tax and minority interests will be in the region of £1.3m. (£1.84m.).

The net proceeds of the issue will provide funds for improving the company's production facilities and the additional working capital requirement expected when the capital goods market recovers. Meantime the cash will reduce short-term borrowings. At March 31, 1976, the group had total borrowings of £4.64m. including £2.25m. of overdraft and acceptance credits.

Current trading, the company states, is similar to that experienced over the last few months, but there are signs of an upturn in demand in some markets and the directors hope that an improvement will materialise in the autumn.

The new Ordinary shares issued under the rights will rank for the intended final dividend of 2.5125p net per share making a total of 4.3p, an increase of 19 per cent. The Treasury has given its permission.

The issue is underwritten by Hambros Bank and brokers are De Zoete and Bevan.

● comment

Elliott is adding a fifth to its equity base, and profits this year are not going to rise by anything like that percentage. But the group reckons that 1975-76 marks the bottom of its particular machine tool cycle—and meanwhile the prospective yield ex-rights price of 62½p is … cent. and likely to be c… close on three times. … volume last year fell by a fifth. South Africa had … time, while at hom… merchanting activities we… down; and plastics ra… losses at a cost of abou… pre-tax. Net borrowing … £1m. last year to £4.6m., b… still represents a very c… able equity-gearing ratio.

LOCAL LOANS—

The coupon rate on this batch of local authority … bonds is up from last wee… of 10¾ per cent. at £99… per cent. at par. This week … are due on May 4, 1977.

They are as follows:—B… Borough Council (£1m.), Leeds (£1m.). Metropolit… ough of Sandwell (£½m.), Exeter (£1m.); Borough of Gateshead (£½m.), La… County Council (£1m.), Borough of Redbridge … London Borough of … (£½m.), South Pembrokes… trict Council (£1m.). Bea… District Council (£½m.), … of Wolverhampton (£1m.) … ley Metropolitan Boroug… cil (£½m.), City of Cardiff … Chester-Le-Street Distric… cil (£½m.), Northampton … Council (£¾m.), Greater … Council (£2½m.), West Gl… County Council (£½m.).

London Borough of … Hamlets (£1m.), Midloth… trict Council (£1m.), B… Borough Council (£½m.), … District Council (£½m.), and Maidenhead Borough (£½m.), Lothian Regional (£½m.).

Capitol-EMI upsu…

NET INCOME of Capitol Industries-EMI amounted to $US2.5m. or 78 cents per share, on sales of $38.65m. for the third quarter ended March 31, 1976. This compares with a net loss of $577,000 or 18 cents per share on sales of $23.37m. during the same quarter of last year.

For the first nine months of 1976, net income was $5.91m. or $1.78 per share on sales of $116.33m., compared with $3.37m. or $1.01 per share on sales of $94.31m. for the same period last year—an improvement of 23 per cent. on sales and 75 per cent. on net income. The company is estimating a lower effective tax rate for the current nine months, due to the application of investment tax credits, earnings of domestic international sales corporations and other factors.

Commenting on the results, Mr. Bhaskar Menon, president and chief executive, says with strong product releases scheduled for the balance of the year and continuing improvement … national economic climat… encouraged to belie… Capitol's sales and profit… will substantially exc… year."

Scottish Ut…

Gross revenue of … United Investors increa… £633,548 to £759,254 in … quarter of 1976, while ne… after management … debenture and loan int… tax, was £260,088, agains…

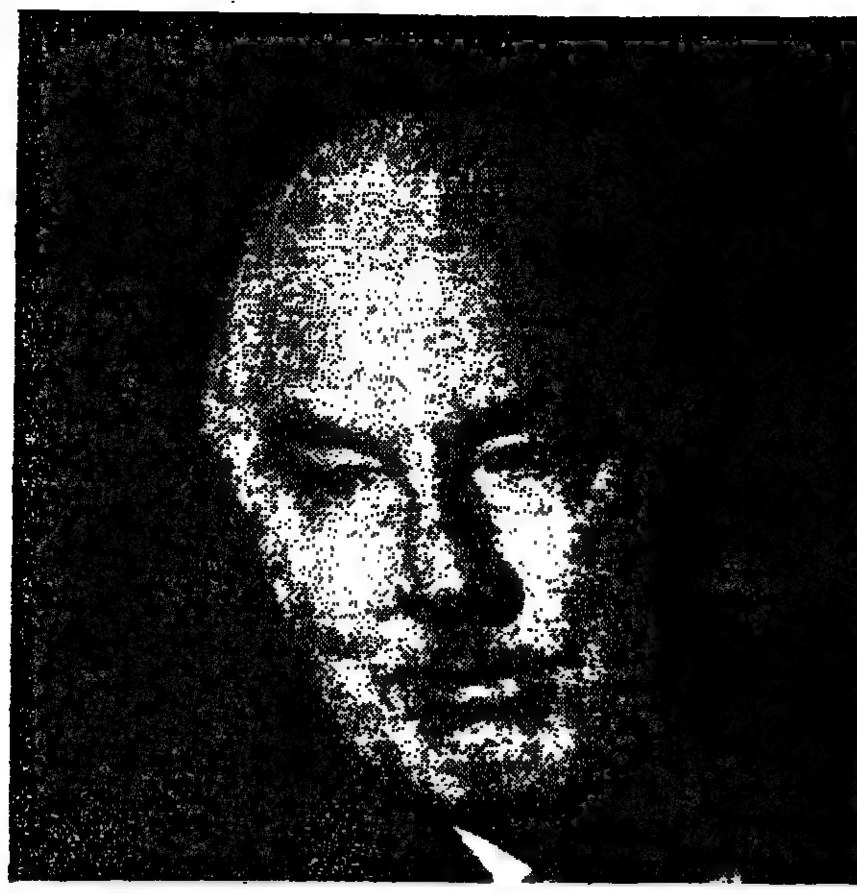
Net asset value of the … shares after deducti… charges at par amo… £72.17m. (£54.24m.) and … value per 25p share w… (78.5p).

Where applicable, t… premium has been add… value of investments … invested foreign cur… amount added is … (£17.13m.).

ONDON BRICK COMPANY
LIMITED

eventy-Fifth Anniversary
'It has been an exciting and rewarding year'

SIR RONALD STEWART, BT. (CHAIRMAN)



Annual General Meeting of London Brick mited will be held on May 20 at the Rooms, Great Queen Street, London WC2

wing is an extract from the circulated the Chairman, Sir Ronald Stewart, Bt., ended 31st December 1975:

AL

reduction of profits following the collapse lding in 1974 it is pleasing to be able to d profits in 1975. Turnover of the Group. al months from the Banbury companies, m £45,095,000 to £66,964,000. Profits arging depreciation amounted to which is £1,253,000 more than the *t profit performance and compares with a* 30,000 for 1974. After charging deprecia- ting to £1,549,000 compared with the profit before taxation was £9,791,000 ith *£2,670,000 for the previous year.* This mprovement has stemmed from a number *ne steps taken to reduce production to the* of demand in 1974, the restoration of most important of all, a recovery in bricks resulting from an increase in house- e Banbury companies have experienced *ult year, but in spite of some unevenness* s of individual companies, total profits than sufficient to pay the loan stock

viding corporation tax at 52 per cent., the year amounted to £4,605,000 compared ,000. There are no extraordinary items to his year compared with £337,000 in 1974. attributable to stockholders, therefore, £4,605,000 compared with £796,000 ous year.

ls due for the year on the *Preference Stock* o £22,000. On the Ordinary Stock an lend of 1.029275p per Ordinary Stock unit unting to £602,000, has been paid and a nd for the year of 1.59835p per Ordinary s recommended. This will absorb a further Because of the reduction in the ordinary *at was paid in respect of 1974 and the* profitability that has since occurred, was made to the Treasury to pay dividends f the year which are higher than normally nder current regulations. The total dividend ar on the Ordinary Stock amounts to per unit which is the *maximum amount the Treasury.*

ained profit for the year amounted to and this has been transferred to reserves.

RSARY

arked the seventy-fifth anniversary of ck Company Limited. It was in 1889 that a ilder J. C. Hill bought a brickworks at called it "The London Brick Company." s later in 1900 the firm was incorporated e of London Brick Company Limited, the that *marked the incorporation of* r and Son Limited, with which in 1923 it lgamate. The Directors decided to mark the by making a special Christmas payment of ose in receipt of a pension from the Com- ubsidiaries. Over 1500 pensioners, most of spent their working lives in the fletton *d who had done so much to assist in the* prosperity of the Company thus received recognition of the contribution they had

F RECOVERY

nniversary year was one of considerable the fortunes of the Company. Brick sales trongly from the slump experienced in 1974 abled nearly 300 million stacked bricks to be he ground – the biggest stock lifting opera- ccomplished. The improvement in deliveries de it possible to bring back some of the lost in the previous year. A return to *of scale brought in its train lower unit costs* profitability. With the additional benefit of stock, margins increased dramatically. In customers received notification of a reduc- e price of our bricks – a most unusual in a time of inflation.

BUILDING

he steps taken in 1974 to reduce the labour mprove margins contributed to the record *major factor was a strong recovery in* ing. 1974 had seen the biggest drop in arts since the War with a fall of over a half in r of houses commenced for sale. In 1975 a sharp rise in this sector of housing which starkly with mounting recession in other uilding. The fine performance put up by *lders owed something perhaps to an over* action to the depressed market conditions. ious year. Early in 1975 it became apparent lemand for lower cost new houses was buoyant as a result of plentiful mortgage an improvement in the relationship between es and levels of disposable incomes. The market conditions had not generally been foreseen and builders found themselves short of stock. The result was a surge in new starts which gathered momentum through the spring and was sustained until the following winter. The resulting rise of 40 per cent. in the commencement of new houses for sale exceeded all forecasts and demonstrated once again that provided economic and monetary conditions permit the demand for home ownership in this country remains insatiable. The restoration of private house- *building was accompanied by a further improvement* in the number of houses erected in the public sector. As a result the total number of housing starts rose to 320,000, a respectable figure but still somewhat short of that achieved in 1973.

DEMAND

The demand for fletton bricks benefited not only from a recovery in its most important market – house-building – but also from a renewed emphasis on cost. The need to build houses to a tight-budget concentrated the available demand on LBC bricks which in recent years have become steadily more competitive with other types of clay bricks. Nowhere has this swing to fletton bricks become more apparent than in the public sector. Last year, in my statement, I mentioned the saving that local authorities could achieve through the exclusive use of LBC bricks in *their building programmes. Architects responsible for* public housing have not been slow to take advantage of the growing disparity in price and in 1975 the proportion of LBC bricks used in this sector greatly increased. The growth in specifications was most marked in facing bricks and the proportion sold during the year was considerably higher than ever before. Overall the *share of the national market enjoyed by* LBC bricks increased.

The demand for other clay products was mixed varying according to the level of activity in the type of building in which they were used. There was a pleasing growth in the requirement for LBC Calculon bricks – a larger than brick unit used increasingly for party walls and structural load-bearing brickwork. Sales of hollow clay blocks were disappointing, floor blocks being affected by the fall in office and factory building. Finally, after a slow start in the early months of *the year due to bad weather, there was steady build* up in the demand for field drain pipes and dispatches for the year as a whole comfortably exceeded those for 1974.

STOCK LIFTING

The last two years has provided a vivid illustration *of the cyclical nature of housebuilding and its impact* on primary housebuilding material producers such as ourselves. Nowhere is this seen more graphically than in the record of brick stocks. In spite of progressive cuts in production, brick stocks in our different works had risen to the staggering figure of 360 million by the middle of December 1974. Quite apart from the financial burden this imposed, the physical limitations of stacking further bricks were becoming only too apparent. When, with the upturn in housebuilding early in the new year, sales began to improve, our first *and daunting task was to lift these huge stocks of* bricks. An operation of this magnitude called for a very special effort from all our operating staff. They responded magnificently and, as the weeks went past, so the pace of stock lifting increased until in addition to coping with normal dispatches over two million bricks were being lifted from stock each day. By the *half year the brick pile had been halved and by* December nearly three hundred million bricks – representing approximately 600,000 tonnes of manufactured material – had been lifted from the ground and delivered to the customer. This successful operation helped us to meet the rapid increase in requirements from the trade and gave us the breathing space needed to restore lost production.

PRICES

The very success of the stock lifting operation led to problems with the Price Commission over the treatment of stock profit and provided an interesting example of the inflexibility of the present Price Code in dealing with a rapidly changing trade situation. Undoubtedly in 1974 price control had prevented us from converting soaring costs into higher prices as quickly as we would have wished and had thus weakened our ability to maintain output and to hold large stocks over the winter period. When the price increases eventually did come through the delay in their implementation meant that the rises allowed by the *Price Code* were higher than they need otherwise have been. As 1975 progressed monthly profit margins were swollen by mounting stock profits and yet the operation of the Code did not allow us to discount these in assessing margins against our reference level. Representations made to the Price Commission in the autumn that we should be allowed to spread stock profits of this wholly exceptional nature over a longer period fell on stony ground and as a result prices were reduced at *just the moment when stocks ran out and margins* returned to a more normal level.

The Government has already indicated their desire to make amendments in the present Price Code designed to introduce greater flexibility. They are also seeking in the present recession to encourage industry to build up stocks both to maintain employment and to reduce the likelihood of future bottlenecks. In stating our own case we are not seeking to maintain prices at a higher level than can in the longer term public interest be justified. Indeed, our whole record on prices belies such an impression. In construction where supplies are taken over a long period, the primary consideration of the supplier of materials should be to achieve greater stability in prices rather than fluctuating price levels. The present operation of the Price Code can make this more difficult to achieve. The *inclusion of stock profits in assessing reference levels* must also act as a deterrent to those producers who are brave and far-seeing enough to manufacture large quantities for stock in advance of market requirements.

PRODUCTION

To a production man there is nothing more depress- ing than producing for stock, however often and convincingly the salesman claims that the product will eventually be required. The quickening pace of demand in the early months of the year and the challenge of lifting stock, therefore, provided a tonic to our Works personnel. This was soon followed by the many problems involved in seeking to raise output. The first move was to reintroduce an element of overtime and this was followed by the gradual return of a number of works to normal two shift operation. In *reducing production the previous year considerable* care had been taken to close down completely only those of the older plants whose costs were relatively high in comparison with the newer works. When other more substantial cuts proved necessary the more efficient works were reduced to single shift operation. In 1975 as these plants were brought back on to full *stream, total production was concentrated on the most* efficient works. As a result the year was marked by a further rise in output per man.

Over the last five years a programme of investment to increase the capability to produce facing bricks has been undertaken. Some of this new capacity was not fully utilised in the depressed conditions prevailing in 1974 but in 1975 a higher demand for facing bricks was matched by the capability to produce more.

INDUSTRIAL RELATIONS

In recent years our efforts to maintain continuity of employment for our works employees have been sadly disrupted by violent fluctuations in the rate of housebuilding. Ours is a continuous process industry where it is impossible to alter the level of output substantially without letting out kilns and even closing works. Thus in both 1968 and 1974 when housing starts fell we *had little alternative but to reduce our labour force.* It is, therefore, perhaps understandable that when in 1975 the time came to once again start building up our labour force, fears were expressed that the offer of employment might prove shortlived and even endanger existing jobs. Difficulties of this kind were resolved through close and sensible liaison between management and Union representatives, as a result of which further improvements in redundancy terms were agreed. The period of negotiation involved did nevertheless cause some delay in the restoration of lost *production.*

In other ways the year was one of progress and innovation in industrial relations. Throughout 1975 only four million bricks were lost through strikes – somewhat less than half a day's output and labour turnover in operating works was greatly reduced, partly as a result of continuing improvements in pay and *working conditions. One innovation was the concept* of joining with a Union, in the mounting of a combined training course for staff union representatives and office supervisors. This novel idea when Managers and Union officials share the same platform in seeking to improve communications and administrative efficiency has served to demonstrate once again that management and unions can work successfully together in the pursuit of common objectives.

DISTRIBUTION

As our system of distribution has grown more elaborate and sophisticated so it has become more sensitive to changes in volume. A particular example of this is the "Fletliner" system of containerised bricks by rail where savings can only be achieved if a full and regular throughput can be sustained. At times of rapid expansion in volume increased reliance has to be placed on the many private road hauliers who supplement the carrying capacity of our own transport. Without their aid and that of British Rail we would not in 1975 *have lifted our stock or been able to step up* rapidly the overall rate of delivery.

The London Brick fleet remains the backbone of our distribution system and their primary task is to back up our marketing effort by providing a reliable and efficient service to the customer. Increasingly our own vehicles are fitted with Selfstak – a means of mechanically unloading bricks on site without any assistance being required from the customer. During 1975 the network of Selfstak vehicles operating from rail and *roadheads was increased by the establishment in May* of a road depot at Bridgwater. The new roadhead fed by large articulated vehicles operating a shuttle service from the works means that for the first time Sales can offer a reliable day to day service in mechanised delivery to customers in Devon and Cornwall.

Apart from serving Sales the fleet has to earn its *keep and to contribute to central overheads. It is there-*fore pleasing to report that in 1975 the productivity of the fleet measured in terms of bricks delivered per vehicle day rose by 7 per cent. This further rise in productivity was actually accompanied by a reduction of 18 per cent. in accidents and by 27 per cent. in accidents for which our drivers were to blame. It is perhaps not surprising that in the figures just announced by the Royal Society for the Prevention of Accidents no less than 634 of our drivers received *awards, about 85 per cent. of the total complement.*

EXPORTS

Whilst the value of exports still represents only a tiny proportion of the Group's turnover it is nevertheless encouraging to see that over the last three years exports have increased fourteen fold. Of course much *of this improvement relates to the sale abroad of* products produced by the Banbury Companies but there has in addition been a rise in the value of brick exports. In 1975 consignments of facing bricks were shipped to France and Germany and even to the Persian Gulf where LBC Heather facing bricks were used in a scheme of luxury housing at Qatar. The *problem of course in any attempt to boost exports on a* larger scale is the enormous transport cost involved in a cheap bulk material such as fletton bricks. For instance in one particular case where a price was given *for delivery to Riyadh in Saudi Arabia the charge for* transport worked out at 41p per brick or about twenty-one times the ex-works price of the facing bricks involved.

IRAN

It is because of this insuperable barrier to export on *any scale that in 1974 our minds turned to the possi-* bility of utilising our manufacturing facilities and the expertise we have at our disposal in assisting the countries of the Middle East to modernise and expand their brick production.

Iran was chosen not only because of its rapid programme of industrialisation based on oil revenue and its relative stability but because with a population of some 33 million it had an enormous building programme and a flourishing brick industry.

From an initial visit in September 1974 the prospects *appeared sufficiently encouraging, particularly in the* Tehran area, to warrant a study in greater depth. In the Middle East brick has provided the basic material for building since it was used to construct the walls of Babylon. Iran because of its suitable brickmaking clays has been particularly brick intensive. Even today some twelve-million bricks a day are delivered into Tehran to *serve the needs of a city of some 4½ million inhabitants.* Most of these bricks are still moulded by hand and dried in the sun before being burnt in primitive Hoffman kilns. Not only is such a form of manufacture obviously labour intensive but the kilns used are a particular cause of atmospheric pollution. The Iranian Government has therefore sought to encourage the brickmakers through their trade guild to modernise their industry. This was the situation that provided the catalyst for London Brick involvement. Although many brick machinery manufacturers have sought to exploit *this substantial market, the Iranian brickmakers, it* appeared, had a preference for working with a manufacturer like ourselves who they knew and with whom they could maintain a continuing involvement.

The Iranian Government therefore decided that in a traditional Persian industry in which foreign participation had not previously been allowed London Brick *should be chosen to participate in a joint venture* designed to replace existing capacity with modern works to our system of manufacture. The Industrial Credit Bank, a wholly owned Government bank, provided the instrument to do this. *Under its guidance* a new Iranian Company, Tehran London Brick Company, was formed in which the Industrial Credit Bank and London Brick each have a 20 per cent. share stake, the Tehran Guild of Brickmakers a 31 per cent. stake and the Iranian public the remaining 29 per cent. The Company will have an initial capital of £1,400,000 and this will be *supplemented by a £2,100,000 long* term loan from the Industrial Credit Bank. The Chairman of the new enterprise is Mr. Pankdhou, President of the Guild of Tehran Brickmakers and its Managing Director is Mr. Taghizadeh, a senior executive of the Industrial Credit Bank. In addition London Brick has two Directors on the seven man board. The initial object of the new company will be to build a new brick factory south of Tehran designed to produce 145 million bricks a year but the eventual involvement in *the replacement of older plants could be very much* greater. It has taken just over a year to set up this major joint venture and the first bricks will be produced in 1977.

TECHNOLOGY

The benefits that the Company will derive from its involvement in Iran are *twofold. There will in the* longer term be profits derived from a continuing stake in an Iranian company with an established market and *with Iranian government and commercial backing.* In the shorter term there will be the benefit from the contracts negotiated with our Iranian partners for the supply of expertise, the design of the plant and for the production of machinery and equipment. These contracts and those that follow will help to pay for our initial investment in the Iranian Company and to make the project *self-financing.*

Whilst credit should be given for the commercial initiative involved, the successful outcome has largely been achieved through the quality of London Brick technology. As always in our industry the raw material is of immense importance and in Iran we were fortunate enough to find a clay in the Tehran area which lends itself to the London Brick system of manufacture. The new company will thus be able to use the same method of pressed brick manufacture employed in the fletton process and most of the machinery involved will be manufactured within our own foundry and engineering shops. The Iranian enterprise has already involved the full range of our technical skills and provided a new and exciting challenge to our Engineering and Research Departments.

BANBURY BUILDINGS HOLDINGS LIMITED

Nearer home the year was one of adjustment and reorganisation for our new subsidiary Banbury Buildings Holdings Limited. Since his appointment our Managing Director has brought about changes in both the style and responsibilities of management in the *individual Banbury companies. A sustained effort has* also been made to extend the geographical spread of markets and particularly to expand exports. As a result the value of export sales achieved in 1975 was four times greater than that in the first nine month period of our operation. There has also been an increased emphasis on longer term research and in this context *Banbury has concentrated on the development of what* is known as the "Bancem" process. This is a new method of processing cement, sand, fibreglass strand and water to form a range of products in glass rein*forced cement. The process developed and patented by* the Company is more flexible than existing methods by which such materials are bound together and has great long term potential for the construction industry, both in this country and abroad. It is hoped that in due course the process will also be used domestically in the development of a range of Banbury lightweight *structures for the "do it yourself" builder.*

In the difficult trading conditions experienced in 1975 Banbury benefited from the wide spread of its interests. Garage and fencing sales were depressed but home extensions and prefabricated commercial buildings held their own. In the flooring field Johnson floors started 1975 well but were increasingly affected as the year progressed by the recession in factory and commercial building. The star performer was undoubtedly Alton where greenhouse sales easily surpassed anything achieved in previous years. On *balance therefore the Banbury Companies came* through creditably a year in which the squeeze on the level of disposable incomes adversely affected their main markets.

LONDON BRICK LAND DEVELOPMENT LIMITED

London Brick Land Development Limited, formed to reclaim the Company's worked out pits, continued its expansion during the year. In spite of prevailing economic conditions "Easidispose", the industrial waste division, increased its turnover by a further 70 per cent. A contract gained with Perkins Diesel for the collection and disposal of dry waste from their complex *of factories in the Peterborough area was typical of the* comprehensive service that Easidispose can offer.

Projects for the large scale disposal of domestic waste included the negotiation of a contract with the Northamptonshire County Council in which the Company will staff and operate a transfer station now under construction at Northampton. Our vehicles working on a shuttle service from there will then transport the compacted waste for disposal in pits in the Bedford area.

Statutory control on the waste disposal industry *has increased greatly in recent years and the applica-* tion of equable standards on all operators will benefit our more sophisticated methods of treatment and control. Not only have we in our clay pits the ideal receptacle for all kinds of waste but this unique asset is backed by the full strength of London Brick research and technology.

TRIBUTE

It has been an exciting and rewarding year. The recovery that has been achieved could not have been accomplished without the skill and enthusiasm of our management and the hard work and loyal support of all our employees. Today in industry the hard lesson is being learnt that the fortunes of employers and employees are intimately linked. I believe that in London Brick seventy-five years of working together have taught us the fundamental truth, that what is good for the industry is also good for those who gain their livelihood from it. I would like to take this *opportunity of thanking all our employees for their* fine contribution to the record results.

PROSPECTS

1976 has got off to a satisfactory start and brick deliveries to date are in excess of the same period of 1975. Stocks are at a low level and further steps have been taken to raise output to meet the higher level of demand. Providing there is no further deterioration in the overall economic situation the present improvement should be maintained.

M & S peak £84m. after £10.6m. pensions

AFTER A substantial increase from £1.98m. to £10.65m. in the annual contribution to the employees' pension scheme, pre-tax profit of Marks and Spencer rose by 2.3 per cent. to a record £83.77m. in the year (53 weeks) to March 31, 1976. At halfway profits were £35.92m. against £35.26m.

Reflecting increased taxation, net attributable profit was down from £39.37m. to £37.34m. for the year, and stated earnings per 25p share decreased from 6.05p to 5.74p. A final dividend of 2.2546p effectively lifts the net total from 3.2372p to 3.4546p.

The higher tax is due mainly to deferred tax adjustments and losses of certain overseas subsidiaries not available for relief in the current year, it is explained.

Total group sales increased by 24.9 per cent. to £900.92m. Exports improved from £21.44m. to £24.77m. which included £7.31m. (£1.16m.) to overseas subsidiaries.

U.K. store sales of clothing were up by 18.7 per cent. to £584.24m. and those of food by 22.7 per cent. to £255.71m.

	1975-76 53 weeks £000s	1974-75 52 weeks £000s
Sales excluding taxes:—		
U.K. clothing, etc.	584,244	492,054
U.K. foods	255,706	206,382
Europe	7,691	555
Canada	35,828	—
Direct export	17,454	20,280
Total sales	900,923	721,252
Trading profit	106,613	92,533
Pension contribution	10,654	1,983
Interest receivable	1,761	1,724
Profit sale fixed assets	192	49
Total profit	97,912	93,624
Deb. interest	3,173	3,178
Other interest	2,177	84
Depreciation	8,783	7,497
Profit before tax	83,774	81,865
Taxation	46,515	42,500
Minority loss	51	—
Attributable	37,740	39,365
Dividends	22,494	21,052
Undistributed	14,546	18,312

A total of £23.63m., including depreciation, will be retained in the group (£27.42m.).

A geographical split of pre-tax profit (£000's omitted) shows U.K. £85,808 (£81,906), Europe loss £2,459 (£41), Canada £425 (nil).

The figures comprise the consolidated trading results of Marks and Spencer and its European subsidiaries for the year, together with Peoples Department Stores Group in Canada from August 15, 1975 to January 31, 1976. Total group sales exclude value of exports to European and Canadian subsidiaries. Last year's exports include sales to an associate St. Michael Shops of Canada, now a subsidiary.

The increase of £8.67m. in contribution to pension schemes results almost entirely from the increased cost of funding improved benefits of the new scheme introduced for all U.K. employees on April 1, 1975. The rate of annual contribution is now directly related to the total payroll and so, in future years, the increase will be very much less than the increase during the year under review.

See Lex

N. Atlantic

Gross revenue of North Atlantic Securities Corporation advanced from £340,503 to £415,973 in the half-year to March 31, 1976, and after increased expenses and interest the pre-tax balance was £271,931, against £284,431. The figures for all the year to September 30, 1975, were £796,249 and £621,100.

Tax takes £100,965 (£112,418) for the half-year, leaving £170,966 (£172,013).

As the company issued £2.2m. 7½ per cent. Convertible Unsecured Loan Stock 1995/6 at par last May, the figures are not comparable with the six months ended March 31, 1975, it is pointed out.

The interim dividend, already known, is 0.7p net per 25p share, as before. Last year's total was 1.9p.

Net asset value per share at end March was 116.5p (96.5p at end September 1975), and 113p (96p) assuming full conversion of the loan stock. The value includes the full amount of the investment currency premium which at March 31, 1976, was equivalent to 24½p per share (20½p).

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims:— Australia and New Zealand Banking, BPM, Drayton Consolidated Trust, Samuel Properties.

Finals:— Bodycote International, Border Breweries (Wrexham), Burrell, Clarke Chapman, Cullens Stores, Dualvest, Elbar Industrial, Foseco Minsep, Gill and Duffus, Helene of London, Jessel Toynbee, London Tin Corporation, Lyon and Lyon, Sanderson Kayser, Sheffield Twist Drill and Steel, Shiloh Spinners, Telephone Rentals, Viking Resources.

FUTURE DATES

Interims:—
Common Bros. ... Apr. 29
Lighting and Leisure Industries ... May 6

Finals:—
Cakebread Robey ... May 17
City of Oxford Investment Trust ... May 5
English National Investment ... May 25
Hamilborne ... *Apr. 30
Metoy ... Apr. 30
Neill (James) ... May 7
Newmans Tubes ... May 5
Ovenstone Investments ... Apr. 30
Randalls Group ... May 4
Scottish Ontario Investment ... Apr. 30
Witan Investment ... May 27

* Amended

Horizon Midlands confident

Barring any unexpected deterioration in the Spanish political situation, the directors of Horizon Midlands see no reason why this summer should not be as successful as last year.

It is not possible to give a profit forecast, as the level of the important late bookings cannot be predicted, says the chairman, Mr. Bruce Tanner.

Provided there is no dramatic deterioration in the economic situation of the U.K. or the value of the pound, there is no reason to think that the present level of the inclusive holiday market will change significantly.

The company's record has shown that it is consistently able to increase the strength of its position in the market, to operate at satisfactory profit levels and to take advantage of any upturn in business that there may be, the chairman asserts.

As known, group pre-tax profit for the year to November 30, 1975 increased by over 400 per cent. to £1,050,000, compared with £195,000 (after special items). Mr. Tanner says it is more relevant to compare the 1975 figure with the 1973 profit of £521,000, because 1974 was a particularly poor year for the industry as a whole and the company had extra problems of its own relating to the collapse of two successive parent companies.

The dividend is raised from 1.7p to 2.58253p net.

Working capital increased by £912,629 (decrease £372,815).

Meeting, Birmingham, May 21 at 2.15 p.m.

Chairman's statement Page 24

Some optimism at Bruntons

THE CHAIRMAN of Bruntons (Musselburgh), Mr. A. S. Wood tells members it would be unwise to attempt to forecast results for this year but it has begun quite well and some degree of optimism may be well-founded. "Certainly, the company is able to take full advantage of an upturn in the economy," he says.

In the first quarter of the current year, overall tonnage rose by 7 per cent., compared with the same quarter of 1975.

The tonnage of wire ropes produced set-up a record for a first quarter. Although there are signs of some contraction in demand from overseas, the order load for wire ropes remains high and the company continues to receive a satisfactory volume of mining rope orders from the NCB and from mining concerns abroad, the chairman reports.

Wire production was down by 14 per cent. but was marginally higher than in the pre-recession first quarter of 1974 and the outlook, particularly for high duty spring wire, has improved.

Tonnage of steel strip produced rose by 8 per cent. It will be substantially higher in the second quarter but will still be well below the pre-recession level, says Mr. Wood.

As reported on March 26, pre-tax profits for 1975 amounted to £1.69m. compared with £1.76m. previously. The dividend total is a maximum permitted 5.7008p net per share and the directors forecast a maintained interim of 2.5109p to be paid in October this year.

Meeting, Musselburgh, May 20.

Chairman's statement Page 24

Harrison recovery prospects

Special problems which caused a deterioration in trading results of printers, Harrison and Sons, have been dealt with, although the complete effect will not be evident until the second half of the current year, says the chairman, Mr. M. A. Heller.

With a general improvement in trade, even of only modest proportions, and the benefit of the action taken, it is reasonable to anticipate that the return on group trading will show a steady advance and reach again "a satisfactory level in 1977."

As reported on April 21 a loss of £340,500 was incurred in 1975, compared with a pre-tax profit of £183,600 for 1974. The loss was struck after £254,300 cost of industrial disruption. The dividend is cut from 3.757p to 2.244p net.

Meeting Stationers' Hall, Ludgate Hill, E.C., May 19, noon.

Good start by London Brick

A satisfactory start to the current year has been made by London Brick Company, and brick deliveries to date are in excess of the same period of 1975, the chairman, Sir Ronald Stewart says in his annual report.

Stocks are at a low level and further steps have been taken to raise output to meet the higher level of demand. Providing there is no further deterioration in the overall economic situation the present improvement should be maintained, Sir Ronald adds.

After the reduction of profits following the collapse of house building in 1974, the group produced record profits last year. As reported on April 2, pre-tax profits rose from £2.67m. to £9.79m. with a dividend of 2.627625p net (1.82776p).

A supplementary statement on a current purchasing power basis shows pre-tax profits as £8.95m. against £2.81m., earnings per share 6.4p (2.12p) against 7.83p (1.9p) historical, and net assets per Ordinary stock unit 97.4p (96.89p) against 53.09p (47.97p) historical.

The improvement stemmed from a number of factors: steps taken to reduce production to the lower level of demand in 1974, restoration of margins and most important, a recovery in demand for bricks resulting from an increase in housebuilding.

In spite of progressive cuts in production, brick stocks in the different works had risen to 360m. by the middle of December 1974. By the half year, the brick pile had been halved and by December, nearly 300m. bricks—representing some 600,000 tonnes of manufactured material — had been delivered to customers.

Over the last five years a programme of investment to increase capability to produce facing bricks has been undertaken. Some of this new capacity was not fully utilised in the depressed conditions prevailing in 1974 but in 1975 a higher demand for facing bricks was matched by the capability to produce more.

A new Iranian company, Tehran London Brick Company, has been formed in which the Industrial Credit Bank and London Brick each have a 20 per cent. share stake, the Tehran Guild of Brickmakers a 31 per cent. stake and the Iranian public the remaining 29 per cent. The company will have an initial capital of £1.4m. and this will be supplemented by a £2.1m. long term loan from the Industrial Credit Bank.

The initial object will be to build a new brick factory south of Tehran designed to produce 145m. bricks a year but the eventual involvement in replacement of older plants could be very much greater.

It has taken just over a year to set up this major joint venture and the first bricks will be produced in 1977, the chairman states.

Meeting, Connaught Rooms, W.C., May 20, at noon.

Chairman's statement Page 25

Spirella goes ahead

SPIRELLA GROUP chairman, Mr. J. D. Spooner reported at the AGM that results for the four months to the end of March showed profits again ahead of budget.

Healthy liquidity was continuing and optimism for a significant increase in profit and earnings per share during the current year was reinforced, he said.

Mr. Spooner said he had no hesitation in expressing the "greatest optimism" for the medium and long term future of the group.

The change of name to Vantona Group was approved.

Meeting Page 27

Erith looks for higher profit

ALTHOUGH IT is virtually impossible to forecast and the outlook is "hardly propitious," builders' merchants, Erith and Company has set budgets for improved profits for 1976, says the chairman, Mr. E. J. Erith.

So far the volume of business has been maintained at higher prices than a year ago. With much of the benefits from recent capital expenditure still to come, the directors feel some optimism that targets will be achieved providing the state of the building industry generally deteriorates no further.

The company's net is "wide spread" and it does not have to rely on any one particular section of the trade.

As reported on April 2, group pre-tax profit recovered from £741,435 to £839,536 in 1975 and the dividend is 4.5146p (4.155p) net.

The trend of increasing the company's share of the market continued. Developments at Southampton, Bletchley and Sittingbourne are leading to increased sales from the wider range of stocks available.

On financing, Mr. Erith emphasises that the directors are aware of the pitfalls into which others have fallen through over borrowing and have "no intention of allowing the company to suffer a similar fate."

Meeting, 530 High Road, Leytonstone, E., May 20 at 11.30 a.m.

J. Shakespeare on short time

A sag in the mini-boom experienced earlier in the year was reported by Mr. Jack Shakespeare, chairman of Joseph Shakespeare, the forging and engineering concern, at the annual meeting. All sectors were now on some degree of short time and he could not discern any sign of improvement in business activity.

Nevertheless, the chairman added, the group was confident of an upturn in the future and was committing £250,000 in new plant and equipment.

Referring to a mystery buyer, Mr. Shakespeare said that if the Midland Bank nominees were the same who had been buying shares recently, they now had less than 6 per cent. of the total number of shares, 330,000.

Meeting Page 27

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price p	+ or −	Div. Amount	Times covered	Gross Yield	P.E. Ratio
—	F.P.	—	£25¼	£21¼	Berry Pacific Fd. US$1	£25¼	+1⅛	40c	—	8.5	—
$10,500	F.P.	—	$10,500	$9,500	Brasilvest S.A.	$9,500	......	—	—	—	—
87	F.P.	2/4	85½	82½	Electra Inv. Tst.	85½	+½	b3.8	1.1	6.7	21.4
—	F.P.	—	£15⅝	£14½	IC Inds.	£15	+½	$1.50	—	4.6	—
—	F.P.	—	£22¾	£21⅝	Tenneco Inc. $6	£21⅝	......	Q$1.75	—	4.0	—

FIXED INTEREST STOCKS

Issue Price	Amount Paid up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price £	+ or −
‡£100	F.P.	7/4	104	95	Arbuthnot Lath. 8% Conv. Uns. 1988	96	−2
C$100	F.P.	—	$100	$99½	Banque Canadienne Nat. 9¾% Deb. 1982	C$99¾	......
US$100	F.P.	—	$100	$100	Barclays Bk Intl. 9¾% Cap. Notes 1985	$100	......
US$100	F.P.	—	$99	$99	Brascan Int. Cap Corp 9¾% Guar Notes 1982	$99	......
**£99½	£10	—	10½	10	Chester Water 8% Red. Pref. 1981	10½pm	+⅛
**£99½	£10	—	10¾	10	East Worcs. Water 8% Red. Pref. 1981	10pm	−⅛
£100	F.P.	25/4	101	99½	External Inv. Trust Convertible Ln. 1992-7	101	+1
£96.5	£40	—	40½	38½	GLC 12¼% 1983	39½	+1
‡R1	Nil	9/4	3½	¼	Greatermans Cum. Ptg. Pref.	¼pm	......
**£99½	£10	28/5	11	10½	Hartlepools Water 8% Red. Pref. 1981	10½	−⅛
‡£100	F.P.	11/6	87½	85	Howard & Wyndham 10% Uns. Loan 1976-91	87½	......
C$100	F.P.	—	$99¼	$96½	IAC 9¾% Notes 1981	$96½	......
C$100	F.P.	—	$100½	$99¾	Manitoba 9¾% Deb. 1983	$99¾	......
$100	F.P.	—	$101½	$99½	Midland Bk. FloatCap. Notes 1983	$101½	......
**£98½	F.P.	15/6	100½	99¼	Mid-Sussex Water 8% Red Prf. 1981	100	−⅛
$100½	F.P.	—	101½	99¾	Norway 8¾% $ Notes 1981	101	......
‡25p	Nil	27/4	½p	⅛p	Penrad 10% Conv. Red. Pref. (With W'rants)	¼pm	......
US$100	Nil	—	100	100	Royal Bank of Scotland/Floating Rate 1983	$100	......
$100	F.P.	—	99½	99½	Royal Tst. Mort. Corp. 9¾ Deb. 1981	$99½	......
US$100	F.P.	—	100½	100½	Sandvik 9¾% Bonds 1986	$100½	......
‡£100	£50	8/7	74	60	Scot. Met. 9% Conv. '92/6	65	+1
$100	F.P.	—	102½	99½	Seagram Property 9% Notes 1983	$101½	......
**£99	F.P.	14/6	99⅞	99¼	Sutton Dist. Water 8% Prf. 1981	99½	......
‡£1	F.P.	—	106p	100½p	Ultramar 7% Con. Red. Pref.	101½p	+½

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date †	Latest Renunc. Date ‡	1976 High	1976 Low	Stock	Closing Price p	+ or −
87	Nil	—	—	28	16	BICO	22pm	+5
120	F.P.	2/3	7/5	161	136	Blackwood Hodge	140	......
20	Nil	—	—	58	57	Brent Chemicals	57pm	......
65	F.P.	2/4	30/4	68	60½	Cement Roadstone	67	......
29	F.P.	18/3	15/4	35½	31	Concentric	31	......
190	F.P.	9/4	21/5	251	214	De La Rue	245	......
30	F.P.	26/3	30/4	43	38	Dennis (J.H.)	46	−2
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Dew (G.)	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Diploma Invs.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Era Inds.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Fisons	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Gill & Duffus	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Greene King	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Imperial Metal Inds.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Jacob (W. & R.)	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Lloyd (F.H.)	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Lyons (J.)	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Parker Timber	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Raine Engineering	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Rolls-Royce Motors	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Rotork	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Southern Construction	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Staflex Int.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Taylor Woodrow	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Triplex Foundries	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Trust Houses Forte	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Turner & Newall	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Ward (T. W.)	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Weyburn Eng.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Wheway Watson	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Woodside-Burmah	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Youghal Carpets	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible] † Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividends. ** Issued by tender. [illegible] ‡ Issued in connection with reorganisation, merger or take-over. ◆ Introduction. [illegible] Allotment letters (or fully-paid). ‡ Provisional or partly-paid allotment letters. § With warrants.

zer Kemsley better in expected

THAN expected profits is announced isley and Millbourn the international vestment group. For 75, pre-tax profits ,000, compared with 1974, and with 973.

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er, reporting first wn from £1.47m. to nan, Mr. K. Thoro- material improve- total was question- e of continued rtainties throughout

iced tax charge, the gs, as anticipated, mprovement, rising to £1,751,000, before items. Stated earn- Ordinary are 6.2p actual and 5.2p fully diluted.

vidend, restricted in with Government 6p lifting the year's n 2.0321p to 2.2171p 4109p gross, against

ry losses of £434,000 from the planned certain investments because of changed , had become ques-

the finance of inter- e continued at a evel despite heavy r bad debts in profits from over- management and "unusually high."

interests had an year and anticipate r 1976, but the tex- anting — company stantial loss.

, the companies in products industry at their exceptional 74 but contributed through improved toward year end. is continuing into ear.

did well" and fits were obtained ant banking and edit.

See Lex

share (nil) in the light of the current inflationary effects of the devaluation of the pound. Earnings per 25p share are shown at 3.87p, against a loss of 2.19p.

The trading pattern for 1976 "is *encouraging*," the *directors* state. The company manufactures shirts and ties.

	1975 £	1974 £
Turnover	1,396,590	1,814,771
Trading profit	124,620	20,083
Bank and loan int.	57,399	55,274
Profit before tax	67,221	*34,591
Taxation	13,000	†4,000
Net profit	54,221	*30,391

* Loss. † Credit.

Lockwoods first half advance

Taxable profit of Lockwoods Foods advanced by £94,000 to £801,000 during the six months ended November 30, 1975. The figure for all 1974-75 was £1.68m.

The directors report that currently, sales are running ahead of last year's levels and it is anticipated that the improvement in profitability should continue.

A single *dividend* is usually announced in October. Last year's payment was 3.003p net.

	Six months 1975 £000	Six months 1974 £000	Year 1974-5 £000
Pre-tax profit	801	707	1,683
Tax	409	340	810
Net profit	392	367	873

Record for F.C.

FROM slightly higher turnover of £3.67m. against £3.6m., profits before tax of F. C. Construction (Holdings) rose from £363,593 to a record £473,749 in 1975.

First half profits had advanced from £181,000 to £236,000 and the directors then expected that results for the year would be better than for 1974.

Stated earnings per 25p share have increased from 8.84p to 9.42p *and a net final dividend of* 1.83p makes a maximum permitted total of 2.8p compared with 2.63p previously.

Tax takes £224,545 (£182,372) leaving net profits at £249,204 against £181,221. Dividends *absorb £74,550 (£70,062).*

London Life progress

The market value of investments of The London Life Association increased by £36.4m. last *year as a result of the stock* market recovery, reports Sir Humphrey Prideaux in his presidential report.

A transfer of £21m. of this rise was made to investment reserves and £15.3m. added to the life fund. Premium income of the fund rose by £4m. to £27.5m. and investment income by £2m. to £15.3m., but annuity considerations dropped by half to £0.9m.

Claims and expenses jumped by £2.3m. so that the life fund at the end of the year stood at £209m. compared with £172m. at the beginning.

Sir Humphrey points out that during 1975 there were notable increases in dividends, rents and interest earnings and, mainly as a result of this, the bonus levels had been raised to record figures. He expresses confidence that these bonus rates could be maintained in the future on reasonable expectations of the economic background.

London Life experienced record new business last year, despite the Government's pay limits policy being a discouraging factor. This, he considers, has exerted *pressure on the liquidity of the* middle income groups.

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f Tern-Consulate in- per cent. to £3.6m. pre-tax profit at st a loss of £34,591, th forecast.

ors feel it prudent to pay only a nomi- idend of 0.3p per

Further provisions at FNFC

By Margaret Reid

FURTHER PROVISIONS will be *needed on the property lending* side of First National Finance Corporation, the secondary banking concern which has been heavily backed by the big banks' "lifeboat," shareholders were warned yesterday.

Mr. Richard Langdon, the deputy chairman, standing in at the annual meeting for the chairman, Mr. John Glyn, who is unwell, said they were by no means free of problems on property, nor had they reached the end of the *road in terms of provisions.*

"We may need to make some more and I do not think we can look for satisfactory results in the current year. There will be further losses to provide for. Hopefully we will be in a better position next time we meet, but I cannot be optimistic at the moment," he added.

FNFC, formerly headed by Mr. Pat Matthews, who recently resigned from the Board and as joint managing director, incurred an £83m. loss in the 10 months to October 31, 1975, after provisions of £111m. It has *received support loans from the* "lifeboat" which, at their peak, were £360m. and are now some £285m. At the end of last year, the capital was reconstructed to stave off the threat of insolvency.

Mr. Langdon said yesterday the consumer credit side was progressing very satisfactorily and was profitable.

As to the general *outlook,* Mr. Maurice Denton, the managing director, said: "I would hope the Support Group"—the "lifeboat"—will do all they can to help us pull round if that proves possible.

He also disclosed in answer to a question, that FNFC had $11.5m. (£6m.) on loan from the Crown Agents, as a result of a borrowing arrangement made in 1974 to finance an oil deal.

Mr. Denton explained afterwards that the money had been used to buy options on a holding of some 75 per cent. in the private *company Oil and Minerals, which* had a net profits stake of 5 per cent. on block 211/18, 90 per cent. of which was in the North Sea Thistle Field. FNFC was, he added, considering whether to dispose of the option. The item is *shown under note 35(d) in the* latest accounts.

A shareholder questioned whether, in view of the company's decline, compensation should be paid to executive directors who left. He suggested that such *directors should be left to sue to* see if they could establish a case for compensation. Replying, Mr. Langdon said that, as a matter of law, directors' service contracts had to be recognised and that the Board was advised by Counsel.

The size of the compensation payment to Mr. Matthews, who resigned last month, is still being negotiated. Mr. Matthews' service contract with the company runs until October, 1977 at an annual salary of £25,000.

MINING NEWS

Selection Trust sugars a £20m. rights issue

BY KENNETH MARSTON, MINING EDITOR

LONDON'S vigorous mining *finance house, Selection Trust,* announces a not-unexpected £20m. rights issue and adds that following a first-half fall to £3.5m. consolidated pre-tax profits have recovered to the extent that the total for the full year to March 31 last will be a little above the previous year's total of £10.6m. Accordingly, the group intends to *declare a final dividend for the* year of 10.2p which will make a total of 15.2p compared with 14p for 1974-75.

The final dividend will not apply to the new shares which are being offered on the basis of two at 400p for every nine held. But Selection Trust expects to at least maintain the higher dividend rate *for the current year on the capital* increased by the rights issue. The offer of 5.15m. shares, will lift the authorised capital to 28.3m. shares and will close on May 21.

The purpose of the issue is to broaden the group's capital base and so pave the way for the further foreign currency borrowings (possibly by way of back-to-back arrangements) which will be needed, notably for the Agnew nickel venture in Western Australia and the exciting Detour copper-zinc-silver-gold prospect in north-western Quebec. Borrowed funds at March 31 last amounted to some £56m.

It is also stated that the Charter Consolidated group, which has a 31.1 per cent. stake in Selection Trust, is to take up its full entitlement in the rights issue. Bearing in mind the fact that in order to ease is strained finances Charter recently parted with 10m. shares of its holding in Rio Tinto-Zinc (at 183.5p per share) the *former's decision to maintain its* stake in Selection Trust strengthens the opinion that this is an offer well worth following up, despite *yesterday's fall of 20p to 555p in Selection Trust shares.*

BOUGAINVILLE'S ORE GRADE FALL

As officially forecast, the grade of ore milled at the Rio Tinto-Zinc group's Bougainville copper-gold mine in Papua New Guinea has continued to decline. In the *March quarter it was 0.674* per cent. compared with 0.701 per cent. for the previous three months although the milling rate of 8.04m. dry tonnes was in line with the quarterly average for 1975.

Reflecting the decline in grade, concentrate produced during the latest period fell to 163,417 tonnes from 175,563 tonnes for the previous three months. It graded 29.23 (28.31) per cent. copper, 35.82 (32.67) per cent. gold and 70.94 (68.58) per cent. silver. Palabora were 30p up at 900p yesterday.

PAHANG TO GO TO MALAYSIA

Announcing a half-year net profit of £141,000—compared with £232,000 a year ago and the total of £582,000 for the 12 months to last July—and the passing of its interim dividend, the tin-producing Pahang Consolidated softens the blow with the news that it intends to transfer its domicile from the U.K. to Malaysia. It also promises to con*sider a special interim when the* move has been approved.

Such a move will presumably result in holders gaining the benefit of the investment dollar and avoiding U.K. dividend limitation measures; although the lode mine's production has fallen in the past eight months to 1,275 tonnes of tin concentrates compared with 1,544 tonnes in the same period of the previous year, *it will now be gaining the benefit* of near-record tin prices.

Pahang proposes a reconstruction whereby a new Malaysian-registered company will take over the assets of the present U.K. company and shareholders will *exchange their shares for those in* the new concern. It is pointed out that the majority of the shareholders are resident in Malaysia. Further details will be announced when the necessary U.K. and Malaysian approvals are received. Pahang rose 4p to 30p yesterday.

TEXASGULF HAS A POOR QUARTER

First quarter net income for America's Texasgulf has fallen to $15.95m. (£8.77m.) or 52 cents (28.6p) a share compared with $30.41m. or $1 per share for the same period a year ago. Net income for 1975 was $103.2m. or $3.77 a share.

The fall in the past quarter's *earnings is attributed largely to a* reduction in operating income from chemical operations, mainly phosphate fertilisers and sulphur, prices for the first-named product being 50 per cent. lower than at the same time last year.

Income from metals increased, largely owing to higher sales although prices were down and costs continued to rise. The hoisting of the U.S. copper price in early-March had little impact but will be of greater benefit in the current quarter.

Texasgulf recently signed an agreement with the Government of Panama for the exploitation of the Cerro Colorado copper mines, in which the company's interest will be 20 per cent. with the Government holding 80 per cent. The deposit is estimated to contain up to 1bn. tonnes of ore grading 0.6 per cent. copper.

BIDS AND DEALS

WALTER DUNCAN STAKE IN EASTERN PRODUCE

Walter Duncan and Goodricke has bought 1,787,824 shares in *Eastern Produce (Holdings) for* £357,524 cash, bringing its stake up to 1,872,624 shares or 30.2 per cent.

It is understood the majority of this holding has been acquired out of the 37 per cent. previously held by Jessel Securities, which went into liquidation in December 1975.

Mr. Oliver Jessel and Mr. M. B. Baring *has retired as directors of* Eastern Produce and Mr. H. K. Fitzgerald and Mr. M. W. Butterwick have been invited to join the Board. Mr. Jessel is to relinquish his post as chairman to Mr. Fitzgerald.

WD *and G says* it has no intention of making a general offer for the balance of Ordinary shares.

SELUKWE GOLD

The directors of Selukwe Gold Mining and Finance, other than *Mr. E. D. Barkway and Mr. J. V.* Woollam, say they intend to accept the 23p per share offer by Energy Finance and General Trust (of which Mr. Barkway is chairman) in respect of their own shareholdings, and advise shareholders to do likewise. EFG held 49.9 per cent. of Selukwe's shares in March.

LONRHO-LUBOK

Lonrho announces that at 3 p.m. on April 26 acceptances of its *offer for* Lubok Investments had been received in respect of 13.28m. shares (approximately 80 per cent.). The offer will remain open until 3 p.m. on Monday, May 10.

Holders of the 12 per cent. Convertible Unsecured Loan stock 1984 of Lubok have approved the proposals submitted on behalf of Lonrho for the cancellation of the *stock on terms already announced.*

ALLIANCE ALDERS

The recommended cash offer made on behalf of Jefferson Smurfit for the Ordinary capital of Alliance Alders not already *owned, which became un*conditional on April 1, has now been accepted by over 79 per cent. of holders owning over 90 per cent. of the shares for which the offer was made. Smurfit intends, in due course, to compulsorily acquire the outstanding Ordinary shares but, meantime, the offer remains open.

BARROW RAISES BID FOR BOLANDS

Barrow Milling has increased its bid for Bolands, the Dublin bakery and flour milling concern, to three Barrow shares plus 84p cash for every eight Bolands *shares. The increased offer* values each Boland at 38p on the basis of the latest market price of Barrow shares. The terms for the preference shares remain unaltered.

HAMPTON-ASSAM CONSOLIDATED

Hampton Trust intends that the *document containing the offers* for the Pref. and stock units of Assam Consolidated Tea Estates, already announced, will be posted to stockholders of Assam before the end of May, following publication of the audited accounts of Hampton to March 31, 1976.

SHARE STAKES

Mr. H. Hart no longer holds in excess of 10 per cent. of the Ordinary capital of York Trust.

Kualam Lumpur Kepong Berhad has acquired a further 9m. Highlands and Lowlands Berhad shares for a consideration of $M13.23m.

PLASTOCRAFT

Shareholders of Plastocraft Products (Darwen) have approved the *conditional agreement to acquire* Paleborough Investments from interests connected with the chairman of Plastocraft, Mr. L. J. Connor, for 883,630 Ordinary shares of 10p in Plastocraft. The agreement is now unconditional.

MARDON EXPANDS

William Thyne (Plastics), a member of the Mardon Packaging International Group, is acquiring the share capital of Levity Plastics, a member of The Concentric Group of Companies, on April 30th next.

ASSOCIATES DEALS

Laurence Prust announce that associates of Barrow Milling have purchased 779,000 Bolands at 30p.

FELIXSTOWE DOCK

The European Ferries offer for the Ordinary stock of Felixstowe Dock and Railway not held by European, has been accepted in respect of 3,302,158 units which, with 63,000 purchased by European before the offer, represent 98.36 per cent. of the stock. The offer remains open.

CIRO HLDGS.

Acceptances of the Howard and Wyndham offer for Ciro Holdings *have been received in respect of* 4,022,601 Ordinary and 128,017 Preference shares. Howard now holds 6,273,461 Ordinary (93.8 per cent.) and 145,017 Preference (97.2 per cent.). The offers remain open.

EMU WINE

The formal document containing the £1.00 per stock unit offer by *Thomas Hardy and Sons for the* 25.1 per cent. of Emu Wine Holdings which it does not already control, has been despatched to shareholders.

British Vending £236,950

Second half pre-tax profit of British Vending Industries was £146,388, against £190,489, giving a full *year* 1975 figure of £236,950, compared with £378,212 in the previous 12 months.

In September last year the outlook was that cost savings and efforts to expand sales should at least maintain the profit of the first half.

Stated earnings per 10p share were 1.38p compared with 2.35p. Again there is no final dividend—*the interim of 0.418275p net* (0.30195p) stands as the total.

Turnover expanded from 6.02m. to £8m. Tax took £125,334 (£176,210).

COMPANY NEWS IN BRIEF

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA—Results for 1975 already reported. Quoted investments R353.56m. (R393.95m.) with market value R997.54m. (R1.96bn.), and unquoted R184.97m. (£155.73m.) with directors' valuation R235.25m. (R218.75m.). Debtors and cash R243.16m. (R256.24m.). Meeting, Johannesburg, May 21.

ANGLO-SWISS HOLDINGS — Results 1975 already known. Group fixed assets £1.41m. (£1.34m.). Net current assets [illegible]

[illegible]

deposits £1.2m. (£8,000), overdrafts £61,099 (£1.14m.). Meeting, 3, Belgrave Square, SW, May 20 at 12.30 p.m.

FUNDINVEST—Interim dividend 0.825p (0.733p and 1.861p total) per 25p income share. Gross income half year to March 31, 1976, £216,364 (£180,295). Revenue £196,028 (£169,636) before tax £72,683 (£57,551). Net asset value per 25p capital share 69½p (66½p at September 30, 1975).

HESTAIR LIMITED—For minor administrative reasons the company's [illegible]

[illegible]

MOOLOYA INVESTMENTS — Gross income £8,398 (£11,753) six months to Dec. 31, 1975. Net revenue, before tax, £2,328 (£8,479). Tax credit £768 (nil). Provision for unrealised dealing losses £5,131 (£16,061). Net loss £2,043 (£7,582). Asset value per Ordinary share 46.3p (41.6p).

MUNICIPAL PROPERTIES—Dividend 4.147p (3.77p) net for 1975. Rents receivable £108,226 (£120,101). Profit £52,804 (£74,719) after tax of £52,655 (£92,545). Profit includes £25,196 (£62,862) surplus [illegible]

[illegible]

More cheerful noises at Rhone Poulenc

BY RUPERT CORNWELL — PARIS, April 27.

RHONE-POULENC, the world's ninth largest chemical company—and by far the biggest in France—is now taking a distinctly more cheerful view of its prospects after the disaster-torn year of 1975.

At a Press briefing to-day, the group's president M. Renaud Gillet said that the operating position of the entire industry, and of Rhone-Poulenc, had improved conspicuously this year, especially in the past few weeks.

Taking the group as a whole, activity was now "normal," that is, back to the levels of the second half of 1974, before a year of economic recession which saw a drop of 13 per cent. in sales to Frs.17.87bn. and a declared loss of Frs.800m. (£92m.).

Top executives of Rhone-Poulenc could give no precise figure for turnover in the first quarter of this year. A sign of the improvement, however, is the upturn in the key petrochemical division, largest of Rhone-Poulenc's eight operating branches, and where capacity utilisation was back at the 80 per cent. mark, having plummeted to under 60 per cent. in the depths of the crisis.

There is also a definite possibility that the announced cuts in investments this year will not after all materialise. M. Gillet said that at present 1976 spending was scheduled at Frs.1.7bn. against Frs.1.8bn. in 1975 and Frs.2bn. in the boom year of 1974.

However he held out the prospect of extra outlays in the second half should the current business upswing keep up its pace. These might notably embrace the steam cracker Rhone-Poulenc wants to build at Berre near Marseilles.

However, all is not yet healed. The recent troubles made him take a particularly cautious view of the future of the economy, and the group has just been forced to make drastic cutbacks in its hard pressed textile division including the abandonment of certain outdated fibres like acetate. In the meantime the gaps in top management left by the board room upheavals of 1975 are still unfilled.

Heineken recovery

BY MICHAEL VAN OS — AMSTERDAM, April 27.

HEINEKEN'S provisional net profit for the first half of its financial year to March 31, has surged to Fls.34m. from Fls.20m. in the same period the year before. Sales advanced to Fls.997m. from Fls.781m.

The company decided to publish the provisional consolidated first half figures to-day, having originally intended to add them to the official offer document for Bols, the distillers. As reported earlier, Heineken withdrew the conditional bid proposal, however, when Bols decided to issue new shares to safeguard its independence.

To-day's Heineken statement shows that costs went up to Fls.923m. in the first half (Fls.746m.), leaving an operating profit of Fls.74m., more than double that of the corresponding period the year earlier (Fls.35m.). The pre-tax profit went up to Fls.57m. (Fls.21m.).

Heineken added that it had been able to raise its share of the Dutch beer market and that the increase of sales in the spirits sector was a record, well exceeding 50 per cent. The profit recovery, already evident in the second half of 1974-75, has continued in the current year.

Meanwhile, the brewer tonight set-out in large newspaper advertisements in the Dutch Press its (already reported) views on the negotiations it had carried out with the Bols management. The "ads" said in the heading that "since it is obviously not possible for the Heineken Board to state its views on the matter at the Bols annual general meeting tomorrow," it had been decided to try and reach the Bols shareholders in this way. Heineken stated significantly that during the five rounds of discussions with Bols it had never been told about the talks with the "foreign distillery" which Bols may acquire.

Con Ed gain

FIRST quarter earnings per share were $1.16 ($1.04). Net profits reached $82.7m. ($75.1m.) and sales improved to $733m. ($670m.).

Nomura Nikko head securities houses interim advances

BY PETER DUMINY — TOKYO, April 27.

JAPAN'S big four securities companies all report considerably improved half-time results, with earnings at least doubled compared with the corresponding months of 1974-75. In all cases the improvement stemmed from sharp increases in turnover, in turn largely due to heavy trading on the Tokyo stock exchange in January activity however, has subsequently tailed off.

Nomura held on to 38 per cent. of the busines transacted by the big four, with sales of $267m., an increase of 38 per cent. Profits before tax and special items were 69 per cent. higher at $71.8m., and earnings for the half year were $42.5m. against $23.3m.

Nikko did relatively better, achieving a 55 per cent. hike in turnover (to $172m.), a rise from $29.4m. to $68.3m. in pre-tax profits while earnings accelerated from $11.5m. to $33.9m.

Both the big two are in the process of raising $80m. or more in rights issues. Nomura is coming to market with a one-for-five rights issue at par (Y50) to shareholders registered on April 30. This will raise $23m. and increase the capital to 967m. shares. Thereafter, 20m. shares will be offered to the public at the end of June, at a price yet to be deicded but which will no doubt be close to the then ruling market price.

Nikko, which has been forging ahead impressively and needs the capital injection to improve its on-line computerisation system, will have a one-for-four issue, also at par, on May 31. That will mean issuing 140m. new shares, raising thereby $23.3m. Thereafter 35m. new shares will be sold to the public in July, probably yielding about $40m. (price to be fixed).

Merchant bank sources see these issues as an indication that Nomura and Nikko will widen the distance between themselves and their closest competitors. However there is no doubt that the competition, in the shape of Daiwa and Yamaichi, put in strong recoveries in the past six months.

Daiwa's sales role 45 per cent. to $141m., pre-tax profits were 98 per cent. higher at $148m. and earnings increased from $8.7m. to $17.5m.

Yamaichi managed a 52 per cent. rise in turnover, to $119m. and pre-tax profit went from $5.4m. to $20m. Earnings recovered from $1.2m. to $8.3m.

Honda and Isuzu recovering

TOKYO, April 27.

HONDA MOTOR reported profits after tax of Y11.95bn. for the year ended February 29 (Y10.64bn. in the preceding year) on gross sales of Y564bn. (520bn.). The dividend is unchanged at Y9.

Managing director Hideo Sugiura told a Press conference that operating profits rose to Y26.9bn. from Y17.9bn. due to increased production of both four-wheeled vehicles and motor cycles.

Profits before tax and special items rose to Y24.76bn. from Y19.71bn. Mr. Sugiura said that Honda sold 451,000 four-wheeled vehicles, compared to 405,000. This included exports of 215,000, up from 132,000.

Sales of motor cycles, however, declined to 1,626,000 units from 2,088,000. Exports fell to 1,164,000 from 1,484,000 due to a cut in shipments to the U.S. in order to adjust inventories there.

He said that exports accounted for 61.2 per cent. of the total sales, up from 60.0 per cent.

He forecast after-tax profit in the current year at Y15bn. on gross sales of Y640bn.

Meanwhile, Isuzu Motor Company said that it expects to report a small pre-tax profit for the first half ending April 30, after earlier forecasting a Y2.7bn. loss.

The turnround resulted from cuts in expenses, rationalisation of operations and increased sales, especially overseas.

Isuzu, in which General Motors has a 34 per cent. stake, reported a pre-tax loss of Y10.2bn. for the year ended October 31, 1975.

Following that loss, the company reshuffled its leadership, bringing in representatives of two banks and a trade firm as Board members. It also promoted the General Motors' representative to vice-president from senior managing director.

The company spokesman said that Isuzu is still not too optimistic about the future, since more difficulties must be solved in order to return the company on to a really sound, profitable footing.
Reuter

Villain E Fassio bankrupt

THE VILLAIN E Fassio group, which includes shipping, publishing, insurance and real estate interests, has been declared bankrupt by a Genoa court, AP-DJ reports. The declaration came just hours after the managing director of the group, Franca Tomellini Fassio, was jailed for fraud.

Rheinstahl decline

TURNOVER AT Rheinstahl AG fell 3.6 per cent. to DM2.25bn. in the first-half of its 1975-76 business year to September 30. The decline is attributed mostly to lower sales to the steel and shipyard industries although sales to the construction industry rose slightly, Reuter reports from Essen.

VW team in U.S.

A TEAM of financial experts from Volkswagenwerk AH is in the U.S. to look at money-raising possibilities for the group's planned DM400-500m. assembly plant there, a U.S. official of VW told Reuter.

Boost for Conoco . . .

CONTINENTAL OIL Company net income was $142.9m. (£81.1m.) in the first quarter on revenues of $2.1bn. ($1.7bn). Reuter reports from New York. The company says that first quarter earnings unusually high and not an indication for the year.

. . . and Shell Oil

SHELL OIL reports first quarter earnings as $202.3m. ($104.3m.) but, like Conoco says that the first quarter is not indicative.

Texaco rise

FIRST quarter Texaco earnings were 82 cents (71 cents). Net profits were $233.7m. ($194m.), and sales $6.3bn. ($6.27bn.).

Hoechst cuts its dividend

By Guy Hawtin
FRANKFURT, April 27.

HOECHST is planning a heavy cut in dividend for 1975—one of the worst years for the chemicals industry since the war. The concern's executive and supervisory board is proposing a 14 per cent. dividend which is a far cry from 1974's 18 per cent.

However, Hoechst—like its two leading competitors, Bayer and BASF—experienced a heavy decline in profit last year. Although in Jube, 1975, Dr. Rolf Sammet, the concern's chief executive, said that it was still theoretically possible to maintain the 1974 dividend, the much-vaunted upswing failed to materialise in time to prevent the drop in earnings.

Compared with the industry's average, Hoechst did not do too badly. World turnover actually rose—by a

Dr. Rolf Sammet (Hoechst chairman).

meagre 1.2 per cent.—to DM.20.44bn. (£4.42bn.) excluding turnover, tax and VAT. Overseas sales went up by 5.1 per cent. to DM.13.61bn. (£2.95bn.) but domestic turnover dropped 5.8 per cent. to DM6.83bn. (£1.48bn.).

The dividend proposed to-day—DM.7 per DM.50 nominal share—is the lowest dividend paid by Hoechst in well over a decade. In 1974, after a particularly good year, the group paid DM9 a share—50 pfennig up from 1973s DM8.50.

Basically, the group follows a relatively cautious dividend policy, distributing profits in a reasonably strict proportion to earnings.

Bayer and BASF, the two other chemical giants, last year shared Hoechst's experience of severe under-utilisation of capacity and the consequent increase in costs. BASF is expected to report its dividend proposals to-morrow, while the Bayer figure is awaited on Thursday.

Domestic gains at Goodyear

GOODYEAR TIRE first quarter earnings nearly doubled to 60 cents (31 cents) from sales of $1.45bn. ($1.24bn.).

1975 results were restated for a change in accounting of foreign currency translations.

Mr. Charles J. Pilliod Jr., chairman and chief executive, said that growth in sales was achieved almost entirely in the U.S.

"International earnings are depressed, due mainly to the recession in Europe, but this area is showing signs of recovery and should improve in the second half."

Mr. Pilliod said that sales of original equipment, auto, truck, farm and other tyres showed the most significant increases in the first quarter although replacement auto tyre sales in the U.S. also moved upwards.
AP-DJ

Bethlehem Steel more optimistic

Financial Times Reporter

BETHLEHEM Steel reports a considerable decline in earnings for the first quarter of 1976. Net profits fell by two-thirds from $80.3m. to $28.4m. ($1.84 to 55c. per share). Sales dropped by about 5 per cent., falling to $1.29bn., compared with $1.35bn. the previous year.

The company, however, takes a fairly optimistic line. It says that "if the economy continues o improve, then steel demand should continue to firm.

"Higher spending on capital goods would naturally coost steel demand, and an improvement in this area was expected by the year end. Prospects for 1977 were described as "brighter."

Squeeze on margin seen at SKF

BY WILLIAM DULLFORCE — STOCKHOLM, April

SKF, the Swedish multi-national bearings, steel and tools group, forecasts an increase in sales in 1976; but earnings will be lower as a result of poor profitability during the first half. As the larger part of SKF sales go to capital goods manufacturers, whose orders lag behind the general economic recovery, improvement to the group's order intake and delivery position is expected in the autumn at the earliest.

The final four-month period of 1975 showed a new low for SKF, with sales falling in both volume and value as price increases were halted. The report notes "an irrational scramble for orders" in small standard bearings with some manufacturers offering prices below SKF production costs for certain types.

The result was considerable stockbuilding within the group, whose inventories increased by Kr.959m. to Kr.4.35bn. at the end of the year. Investments in plant, property and shares were Kr.783m. (£97m.) against only Kr.451m. in the previous year.

The group debt rose by Kr.528m. (£65m.) with a corresponding deterioration in net interest charges from Kr to Kr.162m. The long-term ing rose by Kr. 357m. (ag decrease of Kr.190m. in and the short-term loa Kr.171m. The equity/lial ratio dropped slightly fron 42 per cent. and has rer practically unchanged 1972.

Group liquid resources end of the year amoun Kr.795m., a decline of K but during 1975 SKF s "considerable" short medium term credit fa from both Swedish and banks for use, should the sion be prolonged.

The 1975 pre-tax pr Kr.567m. is struck aft preciation of Kr. 442m. b calculated depreciation i separately as Kr.596m. port makes no mention c profits but the Sto economic weekly Ve Affarer reported confirma the company that its esti Kr.250m. was "not too lc these two deductions ar from the Kr.1.19bn. profit, pre-tax earnings come out at around K before extraordinary ite after financial charges.

HIL's equivocal loss

BY PHILIP BOWRING — HONG KONG, Apr

HUTCHISON International has reported a consolidated loss for the nine months to the end of December of $HK31.2m., after taking extraordinary items into account. (The company has moved to a calendar year reporting basis from the previous end-March year.)

The result cannot be considered particularly poor for a company which had to be rescued in September last year by a capital injection of $150m. by the Hongkong and Shanghai Bank. As a result the bank owns 33 per cent. of the shares.

Shareholders will have to wait for the annual report to learn details of trading performance during the period. The overall results are not very revealing in view of the size of certain items.

The loss is struck after taking account of extraordinary losses of $62.6m. on the disposal of long-term investments, the writing down in value of certain properties and depreciations the value of HIL's interest in Hilwin, a textile associate, to market value.

All this obliterates a $31.4m. trading profit. However, that profit was largely accounted for by writing back $36m. tc to account for a rise in tl of dealing investments.

In the previous year th contributed $78m. to the losses. The trading p also struck after p $9.8m. on as yet un foreign exchange losses.

Net of all these ite had a profit of arour Adjusting for the fore change provision, the ne about $6m. After makir ance for the fact that managing director o appointed by the Hon Bank, Bill Wyllie, has ably taken a very cons line, to clear away any of old skeletons subs falling out of HIL's m boards, the group n assumed to be back on keel with prospects c profits this year.

The equity injecti September will have the interest burden group's massive borrowi that would have been for only four months. about $5m. Perhaps the was not as crippling thought at the time.

Sandoz profits decline

BY JOHN WICKS — ZURICH, Ap

SANDOZ, the chemicals groups, reports a drop of 21 per cent. in group net profits for 1975 to Sw.Frs.146m. (185m.), and cash-flow down to Sw.Frs.387m. (408m.).

The group turnover breakdown last year was 55 per cent. for pharmaceuticals, 29 per cent. for dyestuffs, 10 per cent. for food products and 6 per cent. for agro-chemicals. Of the total turnover, some 56 per cent. was realised on European markets, 18 per cent. in the U.S. and Canada and 11 per cent. in Asia.

Group investments were in 1975 cut back, owing to unfavourable market conditions, from Sw.Frs.464m. to Sw.Frs.362m., according to company management chairman, Dr. Yves Dunant, capital expenditure will be of about last year's volume in 1976, with the accent on completion of large-scale projects in Switzerland and elsewhere. Among future overseas ventures, Sandoz has acquired a site in South Carolina where it is intended to build c and dyestuffs capacities.

It was stated at a Pı ference in Basle that would have been Sw.Frs.460m. higher group had parities rema altered throughout th while book losses amour further Sw.Frs.59m. The losses in potential t set against savings in ture on imports and oth led to a net foreign e loss of between Sw.Frs.1 Sw.Frs.150m.

Business has shown provement of over 10 p in the first quarter of tl said Mr. Dunant.

SG de B improv

THE FIRST 1976 quarter of Société Generale de Belgium's largest bank better than expected a pared favourably with earlier results, AP-DJ from Brussels.

STOCKMARKET ROUND-UP

CGT proposals breed disillusion in Paris

BY RUPERT CORNWELL

AFTER A PROMISING start to the year, helped by the prospect of higher company earnings, renewed economic growth and lowish interest rates, the Paris Bourse, has lost its heart. The reason can be given in three words: Capital Gains Tax.

True, the market in the middle of March had to absorb two disturbing developments, the advance of the Left in the local cantonal elections, and pressure on the franc that forced the Government to withdraw from the EEC currency snake early on March 15.

But in normal times these setbacks might have been overcome as the cheerful atmosphere of other world stock markets spread back to Paris. But for the last six weeks traders have increasingly had just one thing on their minds, and the tax proposals outlined last week have confirmed their worst fears.

Shares will be liable for capital gains tax as any other asset (except the Napoleon gold coin and non-convertible bonds). For a market already standing 25 per cent. in nominal terms—and 75 per cent. if inflation is counted—below the levels of 15 years ago, it was the last straw.

Since March 11, prices have fallen by around 10 per cent. across the board. The Stockbrokers Association Index is now marginally better than the year's low of 74.0 reached last Thursday but way down from the 1976 peak of 82.0.

The disillusion among dealers is tangible. A sense of betrayal by a Government constantly preaching the need to build up the Bourse as a mechanism for raising finance is all the more bitter in that the stockbroker's

M. Jean-Pierre Fourcade, Finance Minister.

president M. Yves Flornoy last month revealed his own master-plan to computerise the market and simplify the complicated quotation system.

Few stocks have escaped the carnage. Chemicals, engineerings, pharmaceuticals, banks and drinks shares are back at new lows for the year, and most other sectors have fared little better. In extreme cases the falls have been sharper still: Citroen, for example, has dropped almost 30 per cent. in two months.

The only real rises have been special situation shares. BP's French subsidiary has risen by 50 per cent. to Frs.75 helped by rumours of a full take over from the London parent while Antar has soared following a favourable bid from the state controlled ERAP oil group.

By contrast, and despite a flood of favourable news, Thomson-Brandt has been hard pressed to hold steady.

The gloom inevitably has fed on itself and the market now sees resolutely only the bad side of things. Even the buoyant growth forecasts now circ which talk of a GNP ex of 6 per cent. or more are seen as two-edged sw

Instead of the stock profit bonus which these entail the Bourse can o disadvantages: the pros higher inflation and conse tighter credit and inter policies, which will autom hit shares.

SELECTED EURODOLLAR BOND PRI
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Aquitaine 10pc 1985	103½	104½
Ashland 8pc 1987	95½	96½
Austraswiss 8pc 1987	93½	94½
BFCE 8½pc 1983	99½	100½
CNE 9½pc 1985	102½	103½
Conoco 8pc 1986	100½	101½
ECS 9½pc 1986	101	102
EIB 9½pc 1985	102½	103½
ERAP 9½pc 1985	103	104
Esso 8pc 1986 Nov.	101½	102½
Eurofima 9½pc 1985	99½	100½
Granges 9½pc 1985	101	102
Massey 9½pc 1982	104	105
Michelin 9½pc 1986	101½	102½
MODO 9½pc 1983	100½	101½
Nwfdld. Labrador 9½pc '86	104	105
New Zealand 9½pc 1982	102½	103½
Norpipe 8½pc 1986	100	100½
Norsk Hydro 9½pc 1986	103½	104½
Oslo 9pc 1988	100½	101½
Pacific Light. 8pc 1988	95½	96½
Prov. Quebec 9pc 1994	101	102
Scanraff 8½pc 1988	99½	100½
SFE 9pc 1983	101	102
Shell 8pc 1986	101	102
Stand. Oil (Ind.) 9¼pc '83	102½	103½
Svenska Handels 9½pc 1988	100	101
Volvo 9½pc 1985	103½	104½
NOTES		
Barclays 8½pc 1982	101½	102½
British Gas 9pc 1981	101½	102½
Charb. France 8½pc 1981	99½	100½
Denmark Mt. Bk. 9pc 1983	97½	98½
ECS 8½pc 1981	101½	102½
EEC 8½pc 1982	97½	97½
Electricity Cncl. 8½pc 1981	98½	99½
Montreal 9½pc 1983	102½	103½
Nippon Steel 9½pc 1980	103	104
Norway 9½pc 1981	102½	103½
Prov. Quebec 8½pc 1987	100½	101½
Seagram 9pc 1983	102½	103½

Source: White Weld Securities.

CONVERTIBLES	Bid
American Express 4¼pc '87	81½
Ashland 5pc 1988	87
Beatrice Foods 4¼pc 1992	95
Beatrice Foods 4¾pc 1992	105
Borden 5pc 1992	97
Broadway Hale 4½pc 1987	73½
Canon Camera 7½pc 1988	140
Carnation 4pc 1987	81
Chevron 5pc 1988	115
Dart 4¾pc 1987	85½
Eastman Kodak 4½pc 1988	122
Economic Labs. 4½pc 1987	82
Fed. Dept. Stores 4½pc '85	135½
Firestone 5pc 1988	89
Ford 6pc 1986	100½
Ford 5pc 1988	89
General Electric 4¼pc 1987	[illegible]
Gillette 4¾pc 1987	80½
Gould 5pc 1987	89
Gulf and Western 5pc 1988	95
Harris 5pc 1992	81½
Honeywell 6pc 1986	83
ITT 4½pc 1987	78½
Komatsu 7½pc 1990	105
J. Ray McDermott 4¾pc '87	135½
Mitsubishi Elec. 7½pc 1981	101½
Mitsui 7½pc 1990	100½
J. P. Morgan 4¾pc 1987	119½
Nabisco 5½pc 1988	92
Owens Illinois 4½pc 1987	104
J. C. Penney 4¾pc 1987	85
Pioneer 6pc 1988	295
Revlon 4½pc 1987	104
Reynolds Metals 5pc 1988	90½
Sperry Rand 4¼pc 1987	93½
Squibb 4½pc 1987	81
Texaco 4½pc 1988	79½
Toshiba 6½pc 1986	103
Union Carbide 4¾pc 1982	126
Warner Lambert 4½pc 1987	91
Warner Lambert 4¼pc 1988	84
Xerox 5pc 1988	73½

Source: Kidder, Peabody Secs

...nior Engineering target

...t quarter of 1976 of Senior Engineer... maintained a good ...vity and based on ...accounts profits have ...d and are in line ...say the chairman.

...sses that in view of ...de recession and the ...pressed situation in ...task of foreseeing ...difficult. ...fall in the rate of ...uld lead to more ...ions in the future ...ves the present re... be with us for some

As known, group pre-tax profit increased from £2.85m. to a record £3.82m. in 1975 and the dividend is 0.95p (0.8705p) net.

The results, the chairman believes, would not have been possible if the company had not in earlier years invested heavily in capital expenditure programmes. It also benefited from the growing spread of engineering interests which serve differing markets.

The company now has a larger equity base with only small borrowings—shareholders' interests at end 1975 were £15.2m. and borrowings of £1.7m. were 11.2 per cent. thereon. "This is a strong position for the future and will enable us to continue the development of the group," Mr. Smith declares. There was a net increase in liquid funds of £2.51m. (decrease £1.51m.).

Even though trading conditions became increasingly difficult the company continued its policy of developing the divisions to ensure their future growth. In 1975 capital expenditure on additions to fixed assets amounted to £1.2m. and there were further commitments at the year end of £586,000.

Meeting Connaught Rooms, W.C. May 20. noon

Chairmans statement, Page 27

Considerable potential at Babcock & Wilcox

THE EVENTS of 1975 have brought about a "dramatic" transformation in the industrial and financial strength of Babcock and Wilcox and a much wider geographical spread of assets, stresses the chairman, Mr. J. L. King.

The diversification into new products and markets enhances the stability of the group, and provides considerable potential for improved profitability, he says.

The successful tender offer for the common stock of American Chain and Cable (ACCO) was a major event.

As a consequence, 30 per cent. of the group's net assets are now in North America in diverse engineering operations whose products cover a wide spectrum of capital goods, many enjoying a significant market share.

In spite of the depressed state of the U.K. economy in 1975, most operations improved on their performance in the previous year. Group turnover increased by almost 50 per cent. to £370.7m. and showed profit before tax and extraordinary items a proportionately higher increase of 73 per cent. to £17.1m. As reported with the assets on April 13, the net dividend on increased capital is 2.3993p net (1.7987p).

However, the 1975 figures include turnover and profits of ACCO from December 5, 1975 and, following the changes in accounting practice, profits and losses on exchange which were previously treated as an extraordinary item.

Excluding these group turnover and profits would have increased by 44 per cent. and 48 per cent. respectively.

On a CPP basis, pre-tax profits are shown as £15.9m. against £10.05m. Total equity interest emerges as £123.79m. (£87.88m.) against £91.81m. (£51.25m.) historical and earnings per 25p share, 10.6p (5.5p) against 11.6p (8.4p) historical.

Information is not at present available to convert the accounts of ACCO and its subsidiaries into CPP terms and therefore, the consolidated accounts for 1975 have been adjusted to treat the ACCO group as non-consolidated subsidiaries.

The value of orders booked last year held up well despite the generally depressed state of world markets and was only marginally lower than the total for 1974. Orders on hand at end-1975 totalled £493m. including £80m. booked by ACCO.

As stated with the preliminary results, profits earned by ACCO this year will be consolidated in the full year accounts. Accordingly a further improvement in group profits is in prospect, the chairman says.

Expenditure on new plant and facilities in 1975 amounted to £7.6m., of which £4.6m. related to operations in the U.K. Capital expenditure authorised by the Board and outstanding at January 3, 1976, was £15.92m. (£8.26m.) and contracted for, £2.38m. (£2.43m.).

Meeting, 21, Tothill Street, S.W., May 21 at 12.30 p.m.

THYSSEN

AUGUST THYSSEN-HÜTTE AKTIENGESELLSCHAFT

MAJOR RE-ORGANISATION OF ACTIVITIES
...EL SALES AFFECTED BY WORLDWIDE RECESSION
...ROVED ORDERS IN OTHER PROCESSING SECTORS

...owing is a summary of the Annual Report 1974/75 ...y the Management of August Thyssen-Hütte to the ...ing of Shareholders.

Thyssen's Operations

...e of the integration of Rheinstahl into the Thyssen ...e number of measures were taken at the beginning ...under review directed at reorganising our activities. ...hind these measures was to form functional units for their own operations for sectors sharing the same technology.

...75 saw the centralisation of the Thyssen Group's special steel in Thyssen Edelstahlwerke AG. Approxi... ...illion tons of steel were processed by the company's ...74/75. Sales by the Thyssen Edelstahlwerke Group ...DM2.2 billion mark.

...processing sector the manufacture of machinery for ...s industry was concentrated in Thyssen Plastik GmbH as of July 1. In contrast, the processing of ...was subdivided to a greater degree. As of October 1, ...tahl acquired 75% of the share capital of Karl Hüller ...kzeugmaschinenfabrik, thus strengthening its position ...e of special-purpose machinery.

...t of the reorganisation of activities Thyssen Handels... also taken over the trading and transportation sector ...bl. This sector is mainly engaged in supplying mineral ...s to industrial and private consumers trading in build... ...onstruction materials, and in transportation. This ...turnover amounts to DM12.5 billion.

Thyssen's Markets

...4/75 major sales markets of the Thyssen Group were ...the worldwide recession. The sharp drop in economic ...Western industrialised countries led to low capacity ...rates in many sectors. Especially in the second half ...under review the steel industries of the Western world ...y the overall recessionary developments. Speculative ...caused demand to decline still more sharply than ...eel consumption, leading to considerable pressure on ...tional steel markets from the supply side.

...domestic demand weak, the effect of the international business activity was felt fully by the economy of ...German steelworks were particularly hard hit from ...ing of 1975. In contrast, other sectors of the Thyssen ...ered a less marked decline in economic activity.

...hyssen Group's external sales initially continued to ...the first few months of 1974/75. This was followed ...ction in the volume of business. External turnover ...21.4 billion, or 3% less than the comparable turnover ...eding fiscal year.

...n companies operating in the steel production sector ...decrease of about 9% in turnover. Total business in ...sector went down by approximately the same amount. ...d the wire processing sphere was lower than in 1973/74 ...18%. In contrast, the improved level of orders in a ...other processing sectors had a stabilising effect.

Production

...ularly in the second half of the year under review ...production had to be cut back in most sectors. Taking ...e of all manufactures, production in 1974/75 was about ...the level of the preceding year in real terms.

Raw Material Supplies

...the year tension eased markedly on the raw material ...n 1974/75 the Thyssen Group's purchases of ore ...o some 18 million tons with a ferrous content of 10.9 ...s. The severe cutback in steel production led to ...n stocks. However, even in spite of falling sea freight ...re was a considerable rise in the prime cost of ore.

1.9 million tons of scrap was bought by the Thyssen Group in the year under review. With pressure increasing on the supply side, purchase prices eased.

Consumption of solid and liquid fuels went down by 17% to 10.5 million tons of coal equivalent. The supply situation with respect to almost all alloy metals and for other primary materials which initially was still strained, returned largely to normal in the course of the year as a result of slackening demand.

Capital Investments

1974/75 saw a sharp increase in the Thyssen Group's capital investments. A total of DM1,087 million was invested in fixed and financial assets. Of expenditure on capital investments in the year under review DM151 million was accounted for by financial assets, where the acquisition of foreign holdings predominated.

The Group's investments in fixed assets rose to DM936 million in 1974/75. In the steel sector the rapid introduction of the continuous casting process into the Duisburg oxygen steel works continued to dominate.

In the Group's processing sector some DM182 million was spent on additions to fixed assets. These investments principally served to expand processing capacity in individual plants and the rationalisation and maintenance of the high standard of production.

CONSOLIDATED BALANCE SHEET AS PER SEPTEMBER 30th 1975 (SUMMARY)

	30.9.1975 in million DM
ASSETS	
Invested capital	
Gross fixed assets	15,186.9
Depreciation	10,572.7
Net fixed assets	4,614.2
Financial assets	970.1
	5,584.3
Current assets	7,397.0
Total	12,981.3
LIABILITIES	
Share capital and reserves	3,051.1
Other reserves	3,605.8
Financial liabilities	2,949.5
Other liabilities (incl. dividend)	3,374.9
Total	12,981.3

Future Prospects

In the international steel markets, the situation now seems to be settling down. Steel consumption at home and abroad is rising slightly. We expect the world steel industry to move back in line once again with its long-term growth path.

The effects of the worldwide recession were not felt so much in the Thyssen Group's processing sectors. We anticipate continuing positive developments in this sector. The same applies to our trading operations.

Copies of the Annual Report and Accounts in English may be obtained from the Company and from Messrs. N. M. Rothschild & Sons, New Court, St. Swithin's Lane, EC4P 4DU and from S. G. Warburg & Co. Ltd., 30 Gresham Street, EC2P 2EB and National Westminster Bank Limited, Stock Office Services, 46 Lothbury EC2.

'Edith' tops £2m.: scrip

REVENUE FOR the year to March 31, 1976 of Estates Duties Investment Trust expanded from £1,653,283 to £2,002,638, subject to tax of £791,834, against £640,049.

Stated earnings per £1 *share* increased from 8.1p to 9.1p, and the dividend is effectively raised from 6.36p to 7p net with a final of 4.2p. and a further one-for-10 scrip issue is proposed.

The scrip issue is for holders registered on May 21.

London United expansion

THE DIRECTORS of London United Investment have no doubt of the company's ability to take advantage of any new situations and are confident of "steadily improving profitability," states Sir George Bolton, chairman.

It has become increasingly apparent that it is in the field of international insurance operations that future prosperity and growth lies—it is therefore proposed to expand the base and scope of insurance activities as opportunity offers, he adds.

Property investments are, Sir George believes, undervalued and adequately financed.

As known, pre-tax profit for the year 1975 improved from £0.73m. to £0.87m. and dividends amount to 3.4232p net (3.0902p). During the year activities were consolidated to ensure liquidity, and resulted in "long-term achievement and short-term disappointment."

Increased profits came from insurance subsidiaries but there were negative results from the first oil exploration well in the North Sea on block 3/23 in which the company has a 10 per cent. interest.

The company still retains an indirect oil interest in a further 14 blocks around the U.K. through the 20.32 per cent. holding in Premier Consolidated Oilfields.

Meeting, Connaught Rooms, W.C., May 19, noon.

Talbex down midway but improving

From turnover of £2.72m. compared with £3.26m. pre-tax profits of Talbex Group for the half-*year to January 31, 1976 fell from* £166,513 to £72,596. However, the directors say the volume of orders for the final quarter gives them confidence that profits for the second half will be "considerably more encouraging." In the long term and on the basis of current trends group profits should continue to improve, they add.

It is their intention, if the anticipated increase in profits is achieved, to pay a maximum permitted dividend of 0.270725p net. Last year's payment was 0.2p from profits of £342,733.

Tax for the six months takes £37,750 (£86,587) leaving the net balance down from £79,926 to £34,846.

The directors explain that destocking in the second quarter was worse than envisaged, particularly in Osmond Aerosols and Castle Rubber Co. However, an improvement in sales in the third quarter, together with action to contain costs, has meant that more satisfactory results from Osmond and Castle are now being obtained.

Lake View pays more

Lake View Investment Trust is raising its dividend from 1.5p to 1.65p net per 25p share for the year to March 31, 1976, with a final of 1.1p. Earnings per share, assuming full conversion of loan stock, are shown at 1.77p (same).

Total income decreased from £1.94m. to £1.76m.

	1975-76 £	1974-5 £
Total income	1,764,638	1,943,230
Expenses and interest	851,779	813,530
Taxation	443,114	327,580
Available divs	789,445	780,226
Preference dividend	19,400	15,400
Ordinary	711,299	646,330

Net asset value per share, assuming conversion of loan stock, is shown at 100.6p compared with 73p

General & Commercial

For the current year the directors of General and Commercial Investment Trust are hopeful of at least maintaining the dividend at the increased level of 3.85p (3.4p paid previously) net, says chairman Mr. B. A. C. Whitmee.

As reported, revenue before tax for the year to February 29, 1976, advanced from £360,020 to £407,997 on gross revenue ahead from £466,709 to £479,211.

Mr. Whitmee points out that gross revenue showed an improvement despite the fall in income receivable caused by the reduction during 1974 of the foreign currency loans. Interest payable on the foreign loans was reduced from £69,745 to £27,897 partly due to the reduction and partly to the lower rates prevailing. At the net level, revenue distributable to Ordinary holders is £221,375 (£201,805).

Towards the end of the year the company negotiated an additional foreign currency loan of $250,000 which has been borrowed in Euro-dollars and invested in the U.S. The company's Euro-dollar borrowings now amount to U.S.$1.1m. (including U.S.$150,000 drawn since the year-end). At March 31, 1976, the market value of the investments represented by these borrowings was U.S.$1.5m. Accordingly the surplus at that date was U.S.$469,000.

Philip Hill Investment Trust at March 26 held 12.8 per cent. of the Ordinary capital. Slater Walker Securities together with its subsidiaries, investment trusts, unit trusts and fully discretionary investment clients under its management held 22.69 per cent. at February 29. Meeting, 8, Waterloo Place, S.W., on May 20 at noon.

BP Canada

First quarter net income for BP Canada was an estimated $C7m. Mr. Derek Mitchell, president, told the annual meeting. This compares with $C9.7m. last year.

Sales of refined products rose 2.5 per cent. to 390.2m. gallons. Production of crude oil and natural gas liquids was 6.7 per cent. below last year, while sales of natural gas were up by 1.8 per cent.

The 22 per cent. decline in first quarter earnings was "entirely attributable to the very unsatisfactory level of proceeds obtained from refining and marketing," said Mr. Mitchell.

Earnings in the exploration and production sectors were considerably higher despite reduced crude oil production.

The poor margins earned in the first quarter were only partly due to Anti-Inflation Board controls. At the end of last week, the AIB approved a request by the company to pass through some, but not all of the non-crude cost increases sustained since the last such price increase in March, 1975.

Sir Richard Meyjes to join Coates

Sir Richard Meyjes, a director of Shell International Petroleum, is to join the Board of COATES BROTHERS AND CO., with effect from June.

★

Mr. Donald Parvin has been appointed president and chief executive officer of BABCOCK INTERNATIONAL INC. and will be responsible for the group's activities in North and Central America. He retains his position as deputy group managing director of Babcock and Wilcox. Mr. Parvin will relinquish his chairmanship of Claudius Peters AG, West Germany, and his Board appointments with Babcock and Wilcox of Africa (Pty.) and British Nuclear Associates. He will continue his membership of the Board of Babcock and Wilcox de Mexico SA de CV and will join the Boards of FATA SpA in Italy and Parsons Controls Ltd. in the U.K.

★

Mr. E. E. Binns will retire as group managing director of ASSOCIATED DAIRIES from February 28, 1977, but at the request of the Board he will continue as vice-chairman in a non-executive capacity. Mr. E. G. Bousfield, who has been head of the group's dairy division for the past eight years, will succeed Mr. Binns as group managing director from March 1, 1977. Mr. A. E. Gardiner is to join the Board of Associated Dairies on June 1, 1976 and will eventually assume responsibility for the group's dairy division. Mr. Gardiner is relinquishing his present position as managing director of Express Dairies (Northern) to take up his new appointment.

★

Mr. R. H. Wardle has been appointed to the Board of directors of MILLS SCAFFOLD COMPANY (part of the GKN Building Supplies and Services Sub-Group). Previously marketing and planning manager for Mills, his Board responsibilities will continue to be in these two management areas.

★

BRITISH DEBT SERVICES has made the following appointments: Mr. C. Giovanni becomes associate director and operations controller of the credit reference division and will be responsible to Mr. E. J. Tyler, director of operations. Mr. C. Lawrence is now operations controller of the commercial status division and will be directly responsible to the managing director.

★

Mr. Ron Gilbert has been appointed financial director of BUDGET RENT A CAR (U.K.) to succeed Mr. Tony Clarke who will *take up an appointment* at Budget's headquarters in Chicago this summer.

★

Mr. David S. Parrott has been appointed an assistant vice president in the London Branch of the SECURITY PACIFIC BANK.

★

The firms of consulting actuaries of Clifford Hymans J. H. Robertson and Co. and N. D. Freethy, which have been associated for a number of years have now merged and will practise as HYMANS/ROBERTSON AND CO. Partners of the new firm are Mr. J. C. S. Hymans, Mr. K. F. Sanjana, Mr. N. D. Freethy, Mr. P. D. Esslemont, Mr. M. Arnold and Mr. D. Meakes. Mr. Peter Goddes, the senior partner of J. H. Robertson and Co. has retired but will remain associated *with the new firm as a consultant.*

★

Mr. Basil N. Eckhard, general manager of the Leicester Building Society, has been elected chairman of the MIDLANDS ASSOCIATION OF BUILDING SOCIETIES.

★

Pentos has made the following appointments to the Board of CLIFFPLANT. Mr. T. Binning, Mr. M. G. Cain, Mr. P. G. Thompson, Mr. A. L. J. Thomas and Mr. B. J. Moffitt.

★

Mr. J. Sébire, manager of Société Générale, London branch has been appointed managing director of SOCIETE GENERALE (FRANCE) BANK, the merchant banking subsidiary of Société Générale Paris, in succession to Mr. P. Gruss, who will take up a new appointment within the group. Mr. G. de Beaufort becomes director and manager and Mr. B. Lorain and Mr. M. Barat have also been appointed to the Board.

★

Mr. E. G. Batson has retired as senior partner of KEMP-GEE AND COMPANY (stockbrokers) after 31 years with the firm but remains an associated member. Mr. R. D. Fulford will be senior partner and Mr. I. Maxwell Scott, Mr. D. R. Nolder, Mr. P. J. Fisher and Mr. A. M. Williams join the partnership from to-morrow.

★

Mr. Geoffrey Bardell has been appointed chief financial executive of ASTONIA HOLDINGS, a division of the Delta Metal Company

★

Rear Admiral P. H. C. Illingworth has joined the Board of EPS (RESEARCH & DEVELOPMENT), a member of the Export Packing Group. He will be advisor to the group's aircraft and helicopter packing at Yeovil and Bristol.

★

Mr. John Richman, a director of Ransomes Sims and Jefferies and executive director of the farm machinery divisions, has become president of the AGRICULTURAL ENGINEERS ASSOCIATION. First vice-president is Mr. Robert Aitken and Mr. Gerald C. Thackran is the second vice-president.

★

Mr. Keith Tolfield has become vice president, technical rubber products, GARLOCK INCORPORATED, in addition to his responsibilities as managing director of Woodville, Ross-on-Wye and Swadlincote divisions, and chairman of Precision Pressings (Gloucester).

★

Mr. Harry M. Simpson has been appointed director of Employee Relations Service for the LAING GROUP.

★

TEXACO LTD. has made the following appointments to its Board: Mr. T. T. Shann, as director, personnel, and Mr. A. D. Bulman, director, Government relations.

★

Mr. Brian J. Hill, a director of Crompton Lighting, has been appointed president of the LIGHTING INDUSTRY FEDERATION.

★

Mr. James L. McLay, managing director, Alcoa Manufacturing (G.B.), and Mr. William Moulding, managing director, International Alloys, have been appointed to the Board of the parent company, ALCOA OF GREAT BRITAIN.

★

Mr. Jessel Harrison has retired from the Board of MIDHURST WHITE HOLDINGS.

★

Mr. J. P. D. Heyward and Mr. C. F. E. Shakerley will be retiring from the partnership of SHEPPARDS AND CHASE, stockbrokers, on April 30, but will remain associated with the firm. Mr. P. A. C. Maconie and Mr. S. R. B. Wood are to join the partnership on May 1.

★

From May 1 Mr. Yan T. Soerensen *is to become managing director* of NORSK HYDRO (U.K.).

★

Mr. R. J. Clark has resigned from the Board of JAMES WARREN AND CO. because of pressures of his other business commitments.

★

Mr. H. K. Fitzgerald and Mr. M. W. Butterwick have joined the Board of EASTERN PRODUCE (HOLDINGS). Mr. O. R. Jessel and Mr. M. B. Baring have retired as directors. Mr. Fitzgerald has been appointed chairman.

The Pahang Consolidated Company Limited

(Incorporated in England No. 89412)

The Directors of The Pahang Consolidated Company Limited announce the following:—

(A) UNAUDITED PROFIT STATEMENT FOR THE SIX MONTH PERIOD ENDED 31st JANUARY 1976

	6 months to 31.1.76		6 months to 31.1.75		12 months to 31.7.75	
Output—Lode Tin Concentrates Metric Tons	965		1,168		2,217	
Sales—Lode Tin Concentrates Metric Tons	1,037		1,168		2,079	
	M$	£	M$	£	M$	£
Average Penang Net Price of Tin Concentrates per Metric Ton	8,545	1,624	9,214	1,656	8,892	1,650
	M$ (000's)	£ (000's)	M$ (000's)	£ (000's)	M$ (000's)	£ (000's)
Sales of Tin Concentrates after deducting Export Duty and Surcharge	8,863	1,684	10,756	1,933	18,638	3,459
Mining Profit/(Loss)	(264)	(50)	1,929	347	2,078	386
Dividends and Interest Receivable	1,499	285	725	130	3,010	559
Exceptional Items	(1)	—	(350)	(63)	196	36
Profit before Taxation	1,234	235	2,304	414	5,284	981
Less: Malaysian Taxation	494	94	1,013	182	2,150	399
Profit after Taxation	M$740	£141	M$1,291	£232	M$3,134	£582
Exchange Rates Applied Malaysian $ to £1	5.262		5.564		5.388	

(B) PROPOSED RECONSTRUCTION UNDER SECTION 206 OF THE COMPANIES ACT, 1948 (UNITED KINGDOM)

In the course of deliberations by the Capital Issues Committee (CIC), Malaysia upon the Company's application for listing by the Kuala Lumpur Stock Exchange Berhad of the new shares issued by way of rights in 1975, the Company has been directed, subject to the consent of the relevant authorities in the United Kingdom, to take immediate steps to submit a scheme of reconstruction with a view to forming a new Malaysian registered Company to take over the undertaking of the Company in view of the majority of the shareholders of the Company being resident in Malaysia and the Company's major activities and assets being centred in Malaysia.

Under these circumstances, the Board is of the opinion that it will be propitious both to the Company and the shareholders so to transfer the domicile of the Company to Malaysia. The Board has sought professional advice and believes that the most appropriate means of effecting the proposed transfer will be to reconstruct the Company by means of a scheme of arrangement under Section 206 of the Companies Act, 1948 (United Kingdom) whereby the shareholders will exchange their shares in the Company for shares in The Pahang Consolidated Company Berhad, a Company incorporated in Malaysia on 30th January, 1976 for the purpose of reconstruction.

Upon obtaining the necessary approval from the relevant authorities both in the United Kingdom and Malaysia, shareholders will be provided with full details of the proposed scheme.

(C) INTERIM DIVIDEND ON ORDINARY CAPITAL

The Board has resolved not to pay an Interim Dividend based on the results for the 6 months ended 31st January, 1976. When the *proposed reconstruction has been approved by* the relevant authorities and the shareholders it is the intention of the Board to consider payment of a special Interim Dividend in lieu of a Final Dividend for the financial year ending 31st July, 1976, when the passing of an Interim Dividend at this time will be taken into consideration.

BY ORDER OF THE BOARD
NG SING HWA
SECRETARY (MALAYSIA)

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Concern over tighter money policy

BY OUR WALL STREET CORRESPONDENT

NEW YORK, April 27.

EARLY FIRMNESS gave place to a mixed trend on Wall Street to-day, when the dominating influence appears to be concern over the possibility of a shift to a somewhat tighter U.S. money policy following the recent sharp rise in weekly money supply.

After opening another 1.25 up at 1,004.01, the Dow Jones Industrial Average reacted to 1,000.71 by 1 p.m., for a net loss of 2.05, but the NYSE All Common Index held a 2 cents gain at $54.56, while advances topped declines by a six-to-five margin. Trading volume expanded 2.19m. shares to 10.53m., compared with 1 p.m. yesterday.

Closing prices and market reports were not available for this edition.

Analysts said there was no special developments behind the early rise except the continuing flow of improved first quarter earnings reports, which buoyed certain issues.

"Everybody is very cautious and busy watching money supply and interest rates."

Eastman Kodak dropped $2 to $10¾—**Polaroid**, up $¼ to $35½, filed suit against Kodak charging that Kodak's new instant camera and film violate ten Polaroid patents.

Eastern Air Lines dipped $¼ to $8¼, despite its first quarter earnings of 94 cents a share, against only 2 cents a year ago.

Braniff firmed $¼ to $11⅞ on 67,800 shares. National Airlines moved ahead $⅜ and KLM Royal Dutch were up $1¼.

Cities Service gained $⅞ to $43⅞ following improved quarterly earnings.

Occidental Petroleum slipped $⅜ to $14⅝ after reporting sharply lower first-quarter profits. Getty Oil climbed $1⅞ to $156¼. Shell Oil advanced $2 to $57⅞ on its first-quarter earnings of $2.93 ($1.55) per share.

Among Electronics and Computers, Fairchild Camera shed $⅜ to $38⅞—its first-quarter net plunged to 4 cents a share from 82 cents a year ago, before an accounting change.

General Dynamics moved ahead $⅜ to $56½, **Teledyne** $⅞ to $52⅞, and **Rosario Resources** $1¼ to $29⅞.

Reporting higher earnings were **Norfolk and Western Railway**, up $½ at $75½, **Texaco** up $¼ at $26⅞, **Textron** up $⅞ at $26⅞, and **Cit Financial** up $⅞ at $33¼.

But **Consolidated Edison of New York** surrendered $⅜ to $17¼, despite improved earnings.

St. Joe Minerals gave way $⅞ to $42, following reduced profits.

Motorola improved $1 to $54⅞ and **Du Pont** $¼ to $153.

The American SE Market Value Index slipped 0.15 to 103.21, but advances and declines were about even. Trading volume expanded 140,000 shares to 1.19m., compared with 1 p.m. yesterday.

National Paragon, a volume leader, rose $¼ to $10⅞ and **Syntex** firmed $¼ to $20, but **Houston Oil and Minerals** slipped $¼ to $48¼.

Tracor held unchanged at $10¼, although it reported higher quarterly profits.

MONDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Eastern Air Lines	241,900	8⅞	+1⅛
Tiger Intnl	204,300	13⅛	+⅛
Cent. Sou. West.	152,900	13⅞	+⅛
Continental Air	172,300	9	+⅜
Chrysler	151,900	20⅛	+⅛
Amer. Tel. Tel.	139,000	57⅛	+⅛
Signal Co.	116,300	29⅞	+⅜
Xerox	116,300	53⅞	+⅛
Texaco	113,700	26⅛	—
Kimberley Clark	112,200	40⅞	+⅛

OTHER MARKETS

Canada again mixed

Canadian Stock Markets continued narrowly mixed in moderate trading yesterday morning.

The Industrial Share Index firmed 0.08 to 192.65. Banks put on 0.81 to 248.34, Utilities gained 0.16 o 139.95 and Papers hardened 01.06 o 129.31, but Golds lost 0.33 to 282.60, Base Metals eased 0.22 to 89.95 and Western Oils shed 0.08 to 222.31.

Noranda added $⅜ at $33⅜ but **Crown Life Insurance** dipped $1¼ to $47⅞. **Revelstoke** put on $⅞ to $12 but **Lincoln Trust and Savings** lost $⅞ to $15¼.

PARIS—Most sectors weaker in calm trading, following continued concern over Capital Gains Tax plans, expectations of tighter credit and lower 1975 profits and dividends by several companies.

Banks, Portfolios, Foods, Constructions, Engineerings and Electricals all fell.

Foreign shares were mixed, with Ford and ITT firmer. Dutch issues were little changed, International Oils steady, while Golds were lower.

BRUSSELS—Mixed to higher in quiet trading.

Steels were lower. Clabecq dropped Frs.30 to Frs.4,775. Metals gained a little.

Traction et Electricite slipped Frs.20 to Frs.2,870 in easier Electricals. Chemicals were mostly higher. Oils firmed, while Holdings finished little changed.

U.S. shares were higher. South African Gold Mines declined, French and German stocks eased, while Dutch shares were little changed.

AMSTERDAM—Slightly higher. Banks and Insurances mostly showed small rises.

In Transportations KLM were lifted Fls.9.90, KNSM Group Fls.2, Van Ommeren Fls.4.50 and Shipping Union Fls.0.50.

IHC Holland moved up Fls.1.10 and Pakhoed Holding Fls.3. But Bols dropped another Fls.2.50. Heineken advanced Fls.4.4 on its first six months' results.

Bonds fluctuated Fls.0.20 either way.

GERMANY — Slightly lower, with market sentiment disturbed by bad dividend news.

In Chemicals, Hoechst lost DM1.3 to 164.9 on its dividend for 1975 of DM7 (DM9), while Hoesch dipped DM1.7 to 64.3 on its dividend omission.

Among Chemicals, Bayer declined DM1.30 to 139.10 and BASF DM1 to 163. In Steels, Thyssen slipped DM3 to 130 and Mannesmann DM3.20 to 362.

Public Loans eased up to DM0.40, but the Regulating Authorities were able to sell DM10.6m. nominal of stock.

OSLO—Bankings and Insurances were little changed, Industrials steadier, while Shippings were barely steady.

VIENNA—Barely steady in light volume.

COPENHAGEN—Lower in fair dealings.

SWITZERLAND—Shares declined in moderately active Settlement day trading.

Major Banks were barely steady, while leading Industrials ended mostly easier.

State Bonds turned mixed in livelier trading.

Dollar stocks fluctuated narrowly, while Dutch Internationals were inclined easier. In otherwise mainly easier Germans, Volkswagen firmed.

MILAN—Moderately higher in thin trading, with activity hampered by Bourse clerk's action for renewal of work contracts.

Bonds were narrowly mixed in extremely quiet trading.

HONG KONG—Lower in light trading.

Hong Kong Land were down 10 cents to $HK7.80, Hutchison 2½ cents to $HK2.95, Wheelock "A" 5 cents to $HK2.65, Jardine 10 cents to $HK25.72, Hong Kong Electric 7½ cents to $HK4.275 and China Light 10 cents to $HK22.70.

TOKYO—Sharply higher, with 360m. (200m.) shares traded.

Honda Motor rose Y23 to 758, following its higher results, aiding other Motors and Blue Chips.

Electricals, Foods, Pharmaceuticals, non Ferrous Metals and Cameras also firmed, reflecting a general recovery in the domestic economy and overseas Commodity Markets.

Matsushita Electric Industrial added Y10 at 636, Matsushita Reiki Y31 to 795, Matsushita Tsushin Y30 at 1,190, Matsushita Seiko Y100 at 1,020, and Matsushita Kotobuki Y10 at 1,280.

Yamaichi put on Y7 to 257, Nikko Y5 to 390, and Nomura Y1 to 471. But Daiwa shed Y2 to 308.

Japan Air Lines climbed Y20 to 1,710.

JOHANNESBURG—Gold shares turned generally easier on London selling. Financial Minings followed Producers down.

Coppers were firm but Minorco lost 5 cents to R313. Platinums eased, and other Metals lost up to 40 cents.

Industrials were a shade off.

AUSTRALIA — Strong close in quiet trading, with the Metals and Minerals Index reaching a new two-year high.

MIM rose 10 cents to $A2.80, CRA 9 cents to 2.95, Poseidon 5 cents to 1.75 and Pancontinental 60 cents to 9.70.

Indices

NEW YORK—DOW JONES

	April 26	April 23	April 22	April 21	April 20	April 19	1976 High	1976 Low	Since compilat'n High	Since compilat'n Low
Industrials	1002.78	1000.71	1007.71	1011.02	1008.46	988.11	1,011.02 (21/4)	858.71 (2/1)	1051.70 (11/1/73)	41.22 (8/7/32)
Home Bonds	78.47	78.52	78.50	78.56	78.61	78.60	78.60	88.11	—	—

N.Y. S.E. ALL COMMON

April 26	April 23	April 22	April 21	1976 High	1976 Low
54.54	54.48	54.54	55.00	56.20 (5/4/76)	57.05 (2/1/75)

Rises and Falls April 26

Issues Traded—1,874 Up—696

Down—777 Same—401

New Highs—48 New Lows—24

Pound improves

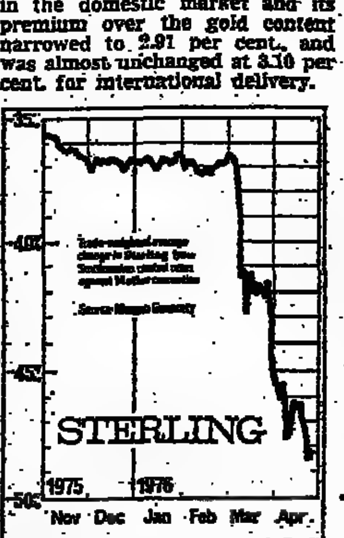
Sterling maintained its firmer trend in general in the foreign exchange market yesterday, though trading remained fairly quiet suggesting that the market is waiting for a positive agreement between the Government and the TUC on wages. The pound's trade-weighted depreciation against 10 major currencies since the Washington Currency Agreement of December 1971, narrowed to 37.5 per cent. from 37.7 per cent., after standing at 37.5 per cent. at noon and 37.4 per cent. in early dealings.

The pound began very firmly, touching 1.8280-1.8290 against the dollar, but some early selling of sterling may have prompted a very small amount of support from the authorities, before renewed interest from the Continent helped steady the rate at around $1.8230-1.8260. Further small selling from New York pushed the pound down to $1.8230-1.8240 at the close, a gain of 45 points on the day.

The Italian lira showed little change, finishing at L890 against the U.S. dollar. Reports of a possible EEC loan to Italy and moves by European central banks to prevent illegal movements of lira out of Italy may be supporting the currency, which remains undermined by continued political uncertainty.

The dollar's trade-weighted depreciation against 14 major currencies, as calculated by Morgan Guaranty of New York, widened to 1.39 per cent. from 1.49 per cent.

Gold gained $1 to $128¼-129¼ following the firmer trend in most other metals. The krugerrand finished at $132¼-133¼ (£72¼-73¼) in the domestic market and its premium over the gold content narrowed to 2.91 per cent., and was almost unchanged at 3.10 per cent. for international delivery.



SPECIAL DRAWING RIGHT RATES

One SDR is equal to	April 26	April 23
Sterling	0.635661	0.637364
U.S. dollar	1.14832	1.14908
Belgian franc	44.7730	44.8400
Deutsche mark	2.91340	2.92211
French franc	5.35848	5.35491
Italian lira	1025.51	1021.47
Japanese yen	344.266	344.394
Dutch guilder	3.06725	3.08105
Swedish krone	5.05261	5.05425
Swiss franc	—	2.90740

Values are for currencies against the SDR as calculated by the International Monetary Fund in Washington.

EXCHANGE CROSS-RATES

April 27	Frankfurt	New York	Paris	Brussels	London	A'sterdam	Zurich
Frankfu't	—	2.5385-90	54.39-46	6.518-524	4.627-638	94.42-47	100.50-60
N. York	39.38-40	—	21.44-46	2.567-570	1.8200-5210	37.19-21	39.57-58
Paris	183.585-985	4.6635-6690	—	11.974-9965	8.495-520	173.20-60	184.6-185.0
Brussels	15.32-38	38.91-94	8.33-35	—	70.94-71.10	14.48-49	15.39-43
London	4.62¾-63½	1.823-824	8.50¼-51¼	70.90-71.10	—	4.80¼-91¼	4.60¼-61¼
Am'erd'm	105.875-925	2.6877-6902	57.83-68	6.9085-9155	4.898-904	—	106.425-475
Zurich	99.47-55	2.5267-77	54.10-16	6.49¾-49½	4.6060-95	[illegible]	—

U.S. $ in Montreal. U.S. $=98.24-28 Canadian cents.

Canadian $ in New York. C$=101.80-82 U.S. cents. U.S. $ in Milan 889.50-891.50

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £—114% (112¼%)

[FAR]MING AND RAW MATERIALS

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...s of Rustenburg ...ls were being ...m to-day, it was ...night. ...imum U.K. price ...is £86 per troy ...£83.50 previously. ...s up to £22.25 ...n £166.50 (£162). ...) (£162).

Potato prices up again as stocks dwindle

BY PETER BULLEN

BRITAIN HAS virtually exhausted its stocks of old potatoes. As a result, retail prices this week could well rise to over 20p. a pound, imported earlies already being 22p to 24p a pound.

The next four weeks will be the most difficult—and the most expensive—for consumers as the first appreciable quantities of home grown early potatoes are not expected to be lifted until towards the end of May.

The Potato Marketing Board estimated yesterday that new potato imports could total 240,000 tons between now and mid-June, but there would be intense competition for any potatoes available on the market from other European countries.

Following the bad weather last year, potato crops across Europe were severely reduced. In some cities in France, there were reports of no potatoes left at all, not even on the black market, a PMB spokesman said. This would mean strong competition from French and other Continental buyers until the first new potatoes were lifted in Brittany—generally a week or so before British crops were ready.

With stocks of old potatoes dwindling, producer prices have shot up from the high levels of £200 to £250 a ton at the beginning of April, to £250-£300 this week. Wholesale prices have climbed similarly, from £5.50 to £6 per 56 lbs. bag, to between £7.50 and £8, and even higher. This led to retailers in Leeds refusing to buy potatoes at all yesterday. One was quoted as saying: "It would mean selling potatoes at 25p a pound and I'm not going to do it."

Mr. Basil Goff, past president of the Retail Fruit Trade Federation, said present prices were "ridiculous." He urged housewives to buy as few as possible. to bring prices down, and suggested salad as an alternative.

Already, the high prices of potatoes have cut consumption from an average of 70,000 tons a week, to about 20,000, but when the first new potato imports start coming in quantity from Cyprus and Egypt in a week or two, the worst should be over.

At least the long-term prospects for home grown potatoes look bright, providing the weather is right. Over 90 per cent. of the likely acreage has been planted, compared with only a third at this time last year. The total area planted may well be over 470,000 acres eventually—35,000 more than in 1975.

There has also been a big rise in back garden and allotment plantings, the PMB estimates.

Rain and warmer weather during the next week or two would give the early crop a tremendous fillip, bringing the first consignments onto the market just before Whitsun.

Downturn in coffee and cocoa markets

BY RICHARD MOONEY

COCOA AND coffee futures prices fell back sharply in London yesterday. The initial falls were attributed to the firmer tone of sterling coupled with the failure of the New York markets to hold their early gains.

But with both markets in a highly nervous state the downward adjustment brought in selling pressure from all directions and prices fell away dramatically.

Cocoa dealers pointed to the lack of manufacturer buying interest and signs of producer sales at recent record levels. Coffee traders, meanwhile, noted that their market was especially vulnerable to a downward reaction because of the supposed high level of household larder stocks following recent heavy buying by housewives, particularly in the U.S.

By the close, July cocoa was quoted at £1,040.75 a tonne on the London terminal market, down £68.75 on the day, and July coffee had slipped £26.5 to £1,396 a tonne.

Mr. Kwesi Hackman, executive director of the International Cocoa Organisation (ICCO) issued a statement in London yesterday urging African cocoa producing countries to take the opportunity to discuss the possibility of U.S. membership of the ICCO with secretary of state Dr. Henry Kissinger during his African tour.

New surge in metal prices

METAL PRICES, with the exception of tin, surged ahead again on the London markets yesterday, despite the steady tone of sterling.

New waves of speculative buying, triggered by strong U.S. markets overnight, brought sharp increases in the prices of copper, lead, zinc and silver.

Copper cash wirebars in further hectic trading closed £33.75 up, at £889.75 a tonne—its highest level since June, 1974. General uncertainty about sterling and renewed optimism about improved demand as a result of the U.S. industrial recovery kept buying interest at a greater level than profit-taking selling.

Lead was boosted by reports of physical purchases in the U.S., the cash price jumping by £12, to £283 a tonne, the highest level since May, 1974. Cash zinc, too, gained £11.5, to £451 a tonne.

Heavy selling, believed to be on behalf of the buffer stock of the International Tin Agreement, depressed tin prices against the general trend.

The market has a firm undertone, however, with the Straits tin price up overnight and a generally "bullish" reaction to Bolivia's decision not to sign the new Tin Agreement unless the price ranges are raised.

Silver prices moved up sharply in heavy trading, reflecting higher values in the U.S. and the general upward trend in base metals.

The London bullion spot quotation was raised by 7.7p. to 250.5p an ounce, and made further gains. It closed slightly below the day's peak, at 251.3p.

Brazil turns down sugar imports

RIO DE JANEIRO, April 27.

BRAZIL HAS turned down an offer to import sugar from the Dominican Republic, Sugar and Alcohol Institute (IAA) sources said here, reports Reuter. They said a two man mission from the Dominican Republic discussed the possibility of selling sugar to Brazil with the IAA last Friday.

But Brazil does not wish or need to import sugar at the moment, the sources stated.

● World sugar values did not follow the downturn affecting other "soft" commodity markets in London yesterday. The rise in sterling led to a hesitant opening on the sugar terminal market but buying support found sellers reserved and futures ended the day slightly higher.

U.K. GRAIN MARKET

New price increases likely

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THERE IS every sign that users of British grain are going to face an expensive and possibly difficult period before the first of the new crop barley is harvested in July.

Market prices for both feed wheat and barley are already well over £70 per ton and could well reach £75—up £10 in a few weeks — before the market steadies.

Prices of compound feeding stuffs have yet to reflect this rise in full, nor have they reflected the imposition of EEC levies on certain proteins.

The reason for this sudden price surge, which seems to have taken many traders by surprise, has been the belated realisation that the U.K. harvest in 1975 was particularly bad, and that the deficit of 2.5m. tons, compared with 1974 output, was aggravated by the export of 750,000 tons more grain, mainly barley, than in the previous year. This has meant an overall reduction in the availability of home-grown grain of 20 per cent. below the 16.2m. tons harvested in 1974.

Last year's grain production in the Community as a whole, including the U.K., was down by nearly 13m. tons, or 11 per cent. below 1974, and about 8m. tons less than in 1973, a more normal year.

This probably explains the recent surge in prices in the main European countries. After drifting at or just above the intervention levels for most of the winter, they are now 9 to 15 per cent. above them.

Prices of EEC grain delivered to the U.K. are generally governed by the state of the market at the time; they have to match those being paid for British supplies.

At the moment, though, they could be a limiting factor in further rises for British grain. Quotations this last week have been in the region of £73 per ton c.i.f. for denaturable wheat, which would seem to put a ceiling on prices that a port compounder would say for home grain supplies still on the farm.

What these supplies amount to is really anyone's guess. The Ministry of Agriculture estimate, based on a sample survey at the end of February, is that they are 1.73m. tons lower than the year before. It could well be, though, that there has been a rather higher usage than last year.

Compound production is rising slightly, after showing a falling trend, and the quantities of their own barley which farmers are feeding to beef cattle could well be up, due to the much better trade for finished animals. It is doubtful if even higher prices would tempt much more grain on to the market.

This particular squeeze seems to be principally affecting Western Europe. World stocks of grain in the main exporting countries on January 31, 1976, were 10 per cent. (or 25m. tons) more than in the previous year. These stocks were mainly in North America.

U.S. grain market prices have been easing latterly, reflecting more favourable weather and crop reports.

By contrast, London grain futures have taken off. January 1977 wheat and barley futures have risen by between £5 and £6 per ton since the beginning of April. Offers for new crop feed grain, mainly from speculators, are about £70 for the same month ex-farm. But this is a voltaile and rather narrow market.

The basis for the speculation is the present fall in sterling, which traders think must mean an eventual devaluation of the "green pound."

The grain market will be supported by a substantially higher basic intervention price for next year as a result of the recent Brussels price review. If the "green pound"—at present over-valued by 20 per cent.—were to be substantially devalued, this would have the immediate effect of raising the intervention price by this proportion.

At the same time, the monetary compensatory payments which act as a subsidy on grain imports would be correspondingly reduced.

The intervention price will not in practice mean a firm on-farm price of the stated amount. For instance, the August basic intervention price for wheat is £64.10 per ton, but this is the price for grain delivered to the intervention board's stores.

In practice merchants, not farmers, will do this and the total cost of the operation, including the traders' share, will probably amount to about £3 per ton.

In France, in particular, trading has frequently taken place below intervention levels, just because the costs and qualifications of intervention selling are difficult to overcome.

There should not in theory be any need for intervention buying in the U.K. because there is an annual grain deficit of between 6m. and 8m. tons, which has to be filled by imports from other sources.

Past experience has shown, however, that anomalies can arise in the operation of the levies and monetary compensatory amounts governing trading between Britain and both the Community and third countries, which can lead to the admission of grain at prices low enough to depress the market.

It is also possible that this season's grain plantings, which have gone into the soil under ideal conditions, could produce yields approaching the levels of 1973 or even 1974. This would undoubtedly produce pressure to sell as farmers seek to maintain their cash flow.

Prices being offered now for new crop grain are tempting in view of the very high cost of storage which, at £70 per ton in value, must be close to £1 per ton in interest and other charges per month.

Russia buys Canadian wheat

The Canadian Wheat Board last night announced the sale of 2m. long tons of wheat to the Soviet Union, reports Reuter from Winnipeg.

Shipments under the new contract, consisting of No. 1 and No. 2 Western Red Spring wheat and quantities of Western Amber durum wheat, will be from West Coast and St. Lawrence ports during the 1976-77 crop year. The contract includes an option providing for shipment of part of the amount to Cuba in the form of wheat or flour, or both.

This is the first major new purchase of wheat by the Soviet Union for some time, although there have been constant rumours of negotiations going on with the major U.S. grain companies. It was generally expected that the Soviet Union would be in the market for extra supplies once the port congestion and pressure on transport and storage facilities created by previous imports, had eased.

The U.S. is anticipating further substantial purchases of 1975 crop maize, and early new-crop wheat, by the Soviet Union before the five year grain trade deal between them comes into effect from October this year.

New straw plants planned

BY OUR COMMODITIES EDITOR

BOCM SILCOCK, the Unilever group subsidiary, is to spend over £1m. on establishing two new plants for processing "waste" straw into an alternative raw material for use in animal feed compounds, it was announced yesterday.

This follows the success of the first plant for upgrading straw at Kimbolton, Cambridgeshire, opened a year ago.

One of the new plants at Stanton, Suffolk, will process the same amount as at Kimbolton—25,000 tons of straw per year. The other new plant, at Womersley, Yorkshire, will process straw for only seven months of the year, and for the remaining five will dry lucerne (grass), which will be linked with the commercial development of a second upgrading process—leaf protein fractionation.

Mr. George Jones, development director, said the company had been encouraged to expand straw processing output as a result of good demand for the end product.

N.Z. get-tough trade plan

TOKYO, April 27.

NEW ZEALAND hoped to use its 200-mile fishing limit as a bargaining counter in future trade negotiations with Japan, Mr. R. D. Muldoon, the Prime Minister, said at a lunchtime meeting with the Japanese National Press Club to-day.

Mr. Muldoon made no attempt to hide his dissatisfaction with Japan's import policies on dairy produce and beef, though he is "on a goodwill mission and not here to negotiate."

He had explained to Japan's Prime Minister, Mr. Takeo Miki, and others that trade could not be hived off into seperate compartments in future, meaning "here is a deal on iron sands, here is a deal on forestry, and here is no deal on agriculture."

Instead, there would have to be package deals. If the Japanese wished to fish in New Zealand's soon-to-be-proclaimed 200-mile zone ("one of the richest in the world, and the Korean fishing industry is also keenly interested"), then Japan must expect to have to make concessions on farm produce.

[COMM]ODITY MARKET REPORTS AND PRICES

[BASE ME]TALS

...with the exception ...gain ground on the ...ange with uncertain- ...e future course of ...the dominant factor. ...

...again found the market lacking any real selling pressure, and the price traded up to £925 on the afternoon Kerb before falling back to £918 in late inter-office dealings. Forward metal traded over the £900 level for the first time since June, 1974. Turnover 23,925 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £875, 86, 85, three months £900 to 12, ... three months £905 90, 94. Kerb: Bars: three months £916, 10.5, 11, 10, 11. Cathodes: three months £903.5. Afternoon: Wirebars: cash £888, 88.5, three months £915, 14, 13.5 to 918. Cathodes: three months £913. Kerb: Bars: three months £919 to 24, 23, 22, 23, 24, 23, 24, 23, 24.

TIN—Further heavy offerings of high-grade cash metal were again thought to have been on behalf of the buffer stock manager and managed to hold prices in check despite fresh speculative demand, the rise in the Penang market overnight and the general firmness of other metals. Turnover 3,690 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	3930-40	+17.5	3925-30	—25
3 months	4050-5	+37.5	4055-60	—10
Settlem't	3940	+20	—	......
Standard				
Cash	3930-40	+17.5	3925-30	—35
3 months	4050-5	+37.5	4059.5	—14
Settlem't	3940	+20	—	......
Straits E.	†$1065	+10	—	......
New York	—	......	—	......

Morning: Standard: three months £4,040, 50, 35, 30, 40, 50, 55, 50, 55. High Grade: cash £3,910, 20, 30, 40. Kerb: Standard: three months £4,060, 65, 66. Afternoon: Standard: cash £3,925, three months £4,060, to 40 to 50. High Grade: cash £3,930, 25, 20, 27, late April £3,930, mid-May £3,950. Kerb: Standard: late April £3,940, three months £4,055, 65, 70.

LEAD—Higher again, fresh speculative demand taking forward metal up to £295 in early trading before profit-taking caused a reaction to £291.5. Values recovered in the afternoon reflecting U.S. physical demand and the firmness of copper with the forward price regaining the £295 level by the close of the Kerb. Turnover 8,400 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	280-1	+10½	282.5-3.5	+12
3 months	292-.5	+12	293.5-4	+12.5
S'ment	281	+11	—	......
N.Y. Spot	—	......	*21.25	......

Morning: cash £281, 282, 281, 280, 281, three months £292, 93, 92.5, 94, 93, 92.5, 92, 91.5, 92, 92.5. Kerb: three months £293.5, 93. Afternoon: cash £281, 82, 83, late June £289.5, three months £292, 93, 92.5, 92, 91.5, 93, 92.5, 94, 94.5, 94. Kerb: three months £294.5, 95.

ZINC—Fluctuated between £464 and £472 before closing at around the higher price on the afternoon Kerb. Turnover 11,600 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	449-50	+14	450.5-1.5	+11.5
3 months	464.5-5	+13.5	467.5-8	+13.5
S'ment	450	+14	—	......
Prim. West	—	......	*37.9	......

Morning: three months £464, 65, 67, 66, 65, 66, 65, 64, 63, 64, 65, 64.5, 65. Kerb: three months £468, 69, 70, 68, 69. Afternoon: three months £468, 69, 68.5, 69, 68.5, 68, 67, 65, 64, 67, 67.5, 68. Kerb: three months £470, 71, 72, 73, 72.

* Cents per pound. † On previous unofficial close. ‡ $M per picul.

SILVER

Silver was fixed 7.7p an ounce higher for spot delivery in the London bullion market yesterday, at 250.5p. U.S. cent equivalents of the fixing levels were: spot 438.5c, up 16.7c; three-month 463.2c, up 17.9c; six-month 471.1c, up 17.9c; and 12-month 483.6c, up 15.1c. The metal opened at 245-246p (447-449½c) and touched 250.3-251.3p (457½-459½c), before closing at 250-251p (456-458c) after a fairly active day.

SILVER per troy oz.	Bullion fixing prices	+ or —	L.M.E. close	+ or —
Spot	250.5p	+7.7	250.25p	+7.25
3 months	257.6p	+7.8	257.2p	+6.9
6 months	265.1p	+7.8	—	......
9 months	—	......	267p	+6.5
12 months	279.1p	+7.8	—	......

LME—Turnover 306 (365) lots of 10,000 ozs. Morning: Three months 257, 7.2, 7.4, 7.8, 7.9, 58, 8.2, 8, 57.8, 7.6, 58.5, 59, 59.5, 59, 58.2, 58.5, 59.2. Kerbs: Three months 259, 9.1, 9.2, 9. Afternoon: Three months 256.5, 6.5, 6.4, 57.5, 57.8, 57.5, 57.4. Kerbs: Three months 257.3, 7.5, 58.

FREIGHTS

DRY CARGO—With a shortage of tonnage in early positions, a firm tendency developed in the N. American grain section ...

...from discharge for May and from Norfolk to Glasgow at £4.35 f.i.o. for April-May. Timecharterers booked a vessel of 20,028 long dwt for a voyage from S. Korea to Vancouver/Ensenada at $4.20 May, and a vessel of 103,800 long dwt for a voyage from U.S. Gulf to U.K./Continent/Mediterranean at 1.50 for May.

COCOA

COFFEE

GRAINS

SUGAR

WOOL FUTURES

RUBBER

EASIER opening on the London physical market. Scattered interest throughout day, closing quiet. Lewis and Peat reported a Malaysian godown price of 192 cents a kilo (buyer, March).

SOYABEAN MEAL

MEAT/VEGETABLES

SMITHFIELD (pence per pound)—Beef: Scottish killed sides 39.0 to 41.0. English hindquarters 49.0 to 50.0, Ulster hindquarters 48.0 to 51.0, forequarters 29.0 to 31.0. Eire hindquarters 49.0 to 50.0, forequarters 28.5 to 31.0. Veal: English fats 44.0 to 49.0, bobbies 20.0 to 24.0, Dutch hinds and ends 57.0 to 64.0. Lamb: English small new season 54.0 to 60.0, medium new season 58.0 to 59.0, ...

JUTE

PRICE CHANGES

Prices per ton unless otherwise stated.

	April 27 1976	+ or —	Month ago
Metals			
Aluminium	£458	......	£420
Free Market (cif)	£448-485	......	£485-415
Copper			
Cash Wire Bars	£889.75	+33.75	£700.5

FINANCIAL TIMES

REUTER'S

DOW JONES

MOODY'S

U.S. Markets

Limit gains in cocoa and coffee

NEW YORK, April 26

COPPER closed strong on renewed Commission House buying, despite an increase in LME stocks. Precious metals rallied on renewed speculative buying, prompted by fears of a resurgence of inflationary pressures. Coffee closed limit bid on speculative short covering. Cocoa finished limit bid following strong London trends, Bache reports.

Cocoa—Ghana spot 97 nom. (93 nom.). Bahia spot 95 nom. (93 nom.). May 90.70 (89.10). July 85.30 (83.30). Sept. 81.35. Dec. 75.00. March 72.60. May 69.50. July 67.90. Sept. 66.00. Sales: 1,569.

Coffee—"C" Contract: May 137.50-133.90 (126.23). July 128.40 bid (126.40). Sept. 127.05 bid. Dec. 123.65 bid. March 122.00 bid. Sales: 333.

Copper—April 72.80 (70.60). May 72.30 (70.80). June 73.20. July 73.60. Sept. 74.40. Dec. 75.40. Jan. 75.60. March 76.00. May 76.40. Sales: 7,829.

Cotton No. 2—May 61.70 (60.77). July 62.71-62.80 (61.52). Oct. 63.05-63.13. Dec. 62.00-62.01. March 62.65. May 63.23-63.35. July 63.50-63.60. Oct. 62.70-63.80. Sales: 6,250.

†Gold—April 127.90 (127.20). May 128.30 (127.60). June 128.60. Aug. 129.70. Oct. 130.50. Dec. 131.90. Feb. 133.10. April 134.40. June 135.65. Aug. 137.20. Sales: 930.

Greasewool—Spot 180.0 nom. (same). May 173.0-183.0 (173.0). July 171.0-179.5 (171.0). Oct. 171.5-179.0. Dec. 170.0 bid. March 170.0 bid. May unquoted.

*Lard—Chicago loose 15.50 nom. (15.75 nom.). NY prime steam 17.00 asked (17.25 asked).

††Maize—May 267½-267¼ (266). July 272-271½ (272½). Sept. 269½. Dec. 263½-263. March 272½. May 276½.

‡Platinum—July 162.00 (159.20). Oct. 165.10 (162.10). Jan. 168.90. April 171.90. July 176.00. Sales: 746.

‡‡Silver—Spot 445.00 (443.60). April 447.30 (438.90). May 445.20 (439.50). June 450.60. July 453.00. Sept. 456.20. Dec. 466.90. Jan. 469.90. March 475.90. May 482.00. July 488.10. Sales: 17,490.

*Soyabeans—May 477-477½ (476). July 452½-453½ (455½). Aug. 490-489½. Sept. 494-494½. Nov. 502-502½. Jan. 510-509. March 516½. May 523½.

‡Soyabean Meal—May 134.20-134.30 (133.40). July 137.60 (136.70). Aug. 138.50. Sept. 139.30-140.20. Oct. 141.50. Dec. 142.60. Jan. 145.20. March 147.50. May 148.50-149.00.

Soyabean Oil—May 15.90-15.91 (15.97). July 16.13-16.09 (16.11). Aug. 16.21-16.22. Sept. 16.32-16.31. Oct. 16.42. Dec. 16.61. ...

STOCK EXCHANGE REPORT

Steadier £ and early wage pact hopes spur markets

Gilts rise to 1⅛ and share index up 4.8 at 409.9

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Apr. 5	Apr. 14	Apr. 15	Apr. 28
Apr. 20	Apr. 29	Apr. 30	May 11
May 3	May 13	May 14	May 25

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Yesterday's steadier performance of the pound in foreign markets led to an all-round improvement in British Funds and equity markets. Following the overnight news of the EEC Finance Ministers' agreement that recent selling of sterling had been overdone, prices of leading equities opened higher and received a further boost on the good start made by Gilt-edged securities. The latter ended only a shade below the day's best with gains extending to 1⅛ in long-dated issues and to ⅝ in the shorts. The Government Securities index put on 0.66 to 61.47.

The FT 30-share index made ufrther progress and, after showing a rise of 6.1 at 1 p.m., closed a net 4.8 up at 409.9, thus recovering 3.9 of the two-day drop of 18.6 from last Wednesday's 1976 peak of 419.6. Trading was thin—official markings of 5,354 were again well below last week's average of 6,119—but small buying interest in the early stages pushed prices up in a market short of stock. Lack of follow-through support, however, brought a small late reaction. After the recent near 16 per cent. fall, Marks and Spencer picked up 5 to 98p on the better-than-expected results. Rises led falls by 6-1 in FT-quoted Industrials, while the All-Share index advanced 1.4 per cent. to 168.11.

After opening higher on overnight U.S. support, South African Gold shares closed with only minor gains following Dr. Henry Kissinger's speech outlining American proposals to force the issue over the political situation in Rhodesia. The Gold Mines index hardened 1.3 more to 192.0.

Good rally in Funds

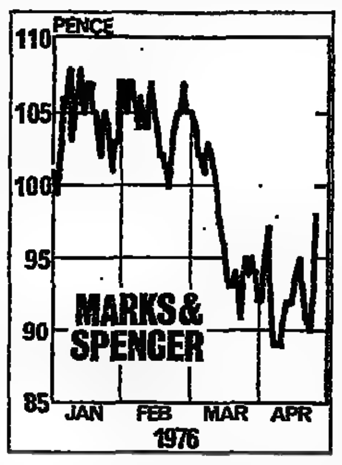
The steadier performance of the pound in foreign exchange markets stimulated demand for British Funds which, on a predominantly one-way interest, finally achieved smart recoveries. Dealing conditions were sometimes a little difficult, a development which indicated the oversold state of the market and longer-dated maturities closed with gains stretching to 1⅛, after 1¼, while shorter-life issues were as much as ⅝ higher and at the day's best. The more stable background was obviously reflecting continuing hopes of the TUC accepting shortly a compromise for a new wage policy and the more remote possibility of public spending cuts on a sizeable scale. Corporations joined in the rally and closed 1⅛ points up on occasions.

In a continuing thin and narrow market, small demand brought a further rise in the investment currency premium to 114 per cent, up 1¾ points more on the day. Yesterday's SE conversion factor was 0.6664 (0.6738).

Anz down again

Down 11 on Monday, Australia and New Zealand Bank remained friendless in Overseas issues, easing 8 more to 405p on a Press suggestion that the bank will announce a £20m. "rights" issue with the interim figures to-day. Standard Chartered, on the other hand, rose 15 to 410p, after 412p, on hopes of an early Rhodesian settlement. Hongkong and Shanghai put on 7 to 337p. Home banks traded quietly, but held a firm undertone. National Westminster fared best at 240p, up 4, while Lloyds improved 2 to 230p. Discounts took a turn for the better, with sentiment helped by the firmer performance of gilts. In a thin market, Allen Harvey and Ross picked up 10 to 380p and gains of 5 were recorded in Alexanders, 215p, and Gillett Bros., 185p. Gerrard and National also rose 5 to 260p; the results are due tomorrow.

Insurance brokers came in for a fair amount of support, with Matthews Wrightson popular at 208p, up 13. After the previous day's gain of 7 on bid hopes, Leslie and Godwin edged forward a penny more to 129p, while C. E. Heath and Sedgwick Forbes both gained 5 to 360p and 270p respectively. Composites closed firm with Phoenix 6 higher at 224p.



Breweries and kindred trades closed quietly firm. Allied, 66p, Bass Charrington, 97p, and Arthur Guinness, 122p, all improved a penny, while Distillers hardened 3 to 149p and Teacher (Distillers) put on 5 to 217p.

Buildings had little to commend them. David Charles shed 2½ to 12½p on the interim dividend omission and the profits warning. John Laing "A," at 106p, lost half of the previous day's rise of 4 which followed the results, but Bryant Holdings contrasted with a fresh rise of 2½ to 28p following Press comment on the interim figures. Higher earnings took FC Construction up a penny to 33p. Other firm spots included Phoenix Timber, up 3 more to 78p, and A. V. Jennings, 5 better at 140p.

ICI typified market conditions, closing 3 better at 399p, after 401p. Elsewhere in Chemicals, Ancher edged up 2 to 50p ahead of to-morrow's preliminary figures.

Television Contractors had Anglia "A" and Associated "A" both 3 better at 115p and 67p respectively.

Marks and Spencer up

Already firmer at 95p ahead of the preliminary statement, Marks and Spencer moved further ahead in active trading to close 5 better on the day at 98p on the higher-than-expected profits. Other Stores attracted a better business than of late, but closed below the best. British Home Stores ended 2 up at 355p, after 357p, while "Gussies" 'A', 205p, and UDS, 85p, put on 3 apiece. Lee Cooper rallied 5 to 70p, while Spirella, 99p, and S. Casket, 46p, both finished 4 better. Ward White continued firmly in Shoes, rising 2½ more to 21½p. Garnar Scotblair were called 4½ cheaper at 72p ex the "rights" issue, with the new nil-paid shares at 13p premium.

Business remained thin in the Electrical leaders, where initial small gains were later trimmed. BICC new nil-paid stayed reasonably active and improved 3 to 22p premium, the old shares adding 2 at 117p. EMI were finally 2 up at 244p, while net gains of a penny were recorded in GEC, 158p, after 161p, and Plessey, 79p, after 80p. Elsewhere, Laurence Scott improved 3 to 54p awaiting to-day's half-time results. Broxlea Holdings put on 2 to 30p in response to the 30p cash counter-offer from Rectifier Modules, while original bidders, A. F. Bulgin "A," which has offered 25p per share, held steady at 16p.

A more general upward tendency in Engineerings culminated with Hawker a further 4 higher at 456p, after 458p, and GKN 5 dearer at 340p. Vickers also fared well with a gain of 3 further to 197p, while suggestions of a chart buy stimulated inquiries for Capper-Neill, which rose 4½ to 60p. British Rollmakers, too, had followers and gained 3½ to 47½p, along with Fairey, 74½p, Spear and Jackson, 85p, and Matthew Hall, 111p, all of which improved 3. Head Wrightson benefited further from recent Press mention, closing 2½ up at 54p, but comment on prospects after Monday's preliminary results lowered Simon to 131p before a close of 2 easier on balance at 134p. Reflecting the new Russian contract, Davy International picked up 2 to 135p. B. Elliott hardened 1 to 63p after news of the "rights" issue plus dividend and profits forecasts. In Shipbuildings, Yarrow put on 2 to 172p despite slight disappointment with the first-half figures.

Foods closed with modest gains. RHM hardened 1½ to 54½p, while Tate and Lyle, 285p, and John Sainsbury, 113p, improved 2 apiece. Bolands were raised 6 to 36p on the revised bid terms from Barrow Milling which closed without alteration at 80p. Northern Foods moved up 3 to 81p, while gains of 4 were seen in Geo. Bassett, 82p, and William Morrison, 106p. British Vending Industries, however, finished a fraction easier at 8p on the disclosure of reduced earnings.

Ladbroke were notably firm at 106p, up 4, following the chairman's annual review, but small selling left Leisure and General 3 off at 39p.

Unilever higher

Miscellaneous industrial leaders failed to hold the day's best levels. Unilever, after the previous day's Press-inspired rise of 6, closed 10 higher at 478p. Glaxo ended 7 firmer at 412p, after 415p, and Rank Organisation 5 better at 170p, after 173p. The Australian Broken Hill Proprietary were noteworthy for a fresh rise of 25 to 760p. Elsewhere, Reed Executive, still reflecting the profits setback, were lowered 4 more to 46p, while Brook Street Bureau, 39p, and Alfred Marks, 26p, were marked down about 3 apiece in sympathy. Camrex declined 4 to 41p on fresh consideration of the results, but the rise in profits and a good start to 1976 lifted Tozer Kemsley and Millbourn 4 to 60p. Sharply higher profits left Silentnight 3 firmer at 57p, while Office and Electronic Machine, also benefiting from annual results, improved 4 to 67p. Low and Bonar followed the full report with a gain of 3 at 143p, while Wm. Crowther improved another 5 to 115p on continued take-over speculation.

Among quietly firm Motors and Distributors, Lucas closed 3 better at 219p and Dowty 5 higher at 174p. Associated Engineering responded to Press comment with a rise of 1½ to 89p, while Wilmot-Breeden improved similarly to 54p on the chairman's encouraging annual report. Zenith Carburetter "A," still reflecting trading news, put on 2 more at 47p.

Renewed speculative interest enabled Morgan Grampian to rise 4 more to 87p in otherwise featureless Newspapers and Publishers.

English Prop. erratic

Still helped by the deal concerning the company's Trizec Canadian subsidiary, English Property followed the previous day's late improvement of 3 with a fresh early gain of 2½; however, the shares subsequently eased to close only a fraction better on the day at 44p. The 6½ and 12p per cent. Convertibles managed fresh gains of about 3 points to £98 and £96 respectively. Other Property leaders returned to an easier disposition, with Land Securities closing 3 down at 161p and MEPC a penny off at 66p, after 68p. Elsewhere, Hammerson "A" improved 3 more to 328p ahead of Friday's preliminary figures, while Samuel Properties, with interim results due to-day, held steady at 38p.

Oils continued to respond to a demand, largely of a currency hedge nature, which took British Petroleum up to 658p before a close of 5 dearer on the day at 655p. Press mention generated additional interest in Shell, finally 2 better at 427p, after 430p, while British-Borneo gained 6 to 122p. Elsewhere, marginal gains were seen in Burmah, 34p, and Tricentrol, 61p. LASMO/SCOT were again a firmer market at 190p, up 3.

Commodity dealers Gill and Duffus, helped by booming coffee and cocoa prices, moved ahead to close 8 up at 172p, after 174p, in front of to-day's preliminary results. Booker McConnell, 139p, and S. and W. Berisford, 169p, rose 6 and 4 respectively, while S. Hoffnung put on 3 to 105p.

Little of interest took place in Trusts and Financials. Ahead of the preliminary statements due to-morrow and Friday respectively, S. Pearson hardened a penny to 137p and Scottish Ontario put on 2 to 110p.

Shippings passed another quiet session but held firm. Reardon Smith added 3 more to 240p with the "A" a penny better at 68p.

Trading news prompted a few firm features in Textiles. Reflecting the return to profitability, Tern Consulate hardened 2½ to 21½p, while S. Lyles improved 1½ to 49½p following the interim figures. Higher third-quarter profits helped John Haggas gain 5 to 315p. The chairman's encouraging statement put S. Jerome 2 up at 48p, while a small demand ahead of next Monday's results left Tootal a similar amount dearer at 37½p. Courtaulds touched 151p initially, but eased later to close unchanged on the day at 149p.

Early-morning activity in Tobaccos gave way to quieter conditions in the afternoon and the majors closed below the best. Bats touched 378p, but closed only a net 2 dearer at 375p, and Imps were a penny better at 77p, after 78p. Rothmans International were also 1 up at 34p.

South African Industrials continued to make progress, Tiger Oats closing 20 up at 570p and O.K. Bazaars "A" 30 to the good at 610p.

Interest in Teas waned considerably and a rise of 4 to 38p in Bandanga provided the only movement worthy of note.

Golds see-saw

South African Gold shares closed a shade firmer on balance after moving erratically throughout the day. They opened higher reflecting the strength of Golds in overnight U.S. markets and harder [illegible] minimum but then [illegible] selling from Continen[illegible]. In the afternoon, how[illegible] were marked down fo[illegible] Kissinger's statement [illegible] Rhodesia, but modest [illegible] in late dealings left t[illegible] ally up on balance.

The Gold Mines ind[illegible] to 192.0—a gain of 40 [illegible] past seven trading da[illegible] highest level since [illegible] while bullion was firm[illegible] at $129 per ounce. [illegible] Geduld (£17) and Pres[illegible] (£17½) were both [illegible] Doornfontein closed [illegible] 430p. In Rhodesians, [illegible] fell 10 to 90p.

South African-based [illegible] were generally firmer. [illegible] rose £1½ to £20½ and [illegible] gained a half-point [illegible] following the annual [illegible] American reacted [illegible] "Amcoal" put on a [illegible] to 500p, while Lon[illegible] don-based Financials [illegible] Trust lost 20 to 535p[illegible] following the "rig[illegible] news.

Among Coppers, P[illegible] vanced 30 to 900p on [illegible] strength of the metal[illegible].

Australians move[illegible] higher in line with [illegible] overnight home mark[illegible] flecting the recent [illegible] metal prices. MI[illegible] jumped 13 to a 1976 h[illegible] while AM and S rose [illegible] Pacific Copper added [illegible] 32p on further cons[illegible] the company's New [illegible] wolfram interest.

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tue Apr 27 Index No.	Day's Change %	Est. Earnings Yield % (Max) Corp. Tax 52%	Gross Div. Yield % (ACT at 35%)	Est. P/E Ratio (net) Corp. Tax 52%	Est. P/E Ratio (nil) Corp. Tax 52%	Mon April 26 Index No.	Fri April 23 Index No.	Thurs. April 22 Index No.	Wed. April 21 Index No.	Year ago (approx.) Index No.	1976 High	1976 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (179)	156.48	+1.4	14.54	5.59	10.56	10.28	154.50	154.53	157.04	160.06	122.90	160.06 (21/4)	145.66 (2/1)	206.67 (4/5/72)	50.71 (13/12/74)
2	Building Materials (30)	143.35	+1.1	13.49	6.24	12.13	12.12	141.84	142.52	145.35	147.94	110.66	150.16 (15/1)	138.49 (20/2)	253.84 (2/5/72)	44.27 (11/12/74)
3	Contracting, Construction (23)	225.64	+0.5	15.56	4.66	9.79	9.79	224.59	223.05	228.52	229.22	233.74	260.20 (15/1)	222.66 (13/4)	369.35 (19/6/72)	71.48 (2/12/74)
4	Electricals (16)	275.94	+2.2	14.55	4.49	9.95	9.67	269.91	271.96	276.71	287.50	218.94	287.30 (21/4)	250.60 (6/1)	350.04 (4/5/72)	86.71 (30/6/68)
5	Engineering (Heavy) (13)	166.91	+2.2	20.35	6.21	7.82	7.82	162.96	165.29	166.35	168.40	153.55	168.40 (21/4)	163.90 (6/1)	202.57 (6/6/73)	94.43 (1/2/76)
6	Engineering (General) (63)	145.90	+1.5	14.81	5.99	10.04	10.05	144.03	143.96	145.46	147.67	105.10	147.76 (7/4)	136.48 (2/1)	165.59 (4/5/72)	45.14 (6/1/75)
7	Machine and Other Tools (9)	58.38	+1.1	14.46	6.44	12.46	12.46	57.75	57.78	57.79	58.77	46.95	60.17 (26/3)	51.19 (6/1)	156.70 (4/7/66)	19.96 (13/12/74)
8	Miscellaneous (25)	138.75	+1.1	13.74	6.00	11.42	11.15	137.19	137.24	139.47	140.14	108.78	140.14 (21/4)	121.68 (2/1)	177.41 (27/4/72)	49.65 (6/1/75)
9	CONSUMER GOODS (DURABLE) (53)	136.96	+1.1	14.98	4.74	9.95	9.95	135.43	135.96	138.95	141.46	87.59	141.46 (21/4)	121.87 (2/1)	227.78 (21/4/72)	38.39 (6/1/75)
10	Lt. Electronics, Radio TV (15)	153.31	+1.1	12.96	3.51	11.35	11.31	151.71	152.65	157.16	159.49	96.73	160.56 (7/4)	139.16 (2/1)	267.41 (19/6/72)	42.85 (12/12/74)
11	Household Goods (13)	181.64	+0.4	19.01	6.51	7.84	7.82	180.83	181.63	186.47	186.02	138.62	187.22 (7/4)	165.38 (2/1)	265.22 (4/5/72)	63.92 (17/12/74)
12	Motors and Distributors (25)	83.04	+1.5	16.78	6.19	9.10	9.10	81.79	81.54	82.66	85.01	49.76	85.06 (16/3)	70.06 (6/1)	170.59 (15/1/69)	19.91 (6/1/75)
13	CONSUMER GOODS (NON-DURABLE) (168)	154.08	+2.1	14.02	5.51	10.73	10.55	150.98	150.71	154.00	156.29	137.11	162.94 (4/2)	148.09 (12/4)	226.06 (15/8/72)	61.41 (13/12/74)
14	Breweries (15)	156.55	+1.0	14.39	6.89	10.43	10.45	154.98	155.25	157.50	160.61	147.09	179.45 (2/2)	150.25 (12/4)	251.67 (28/11/72)	69.47 (13/12/74)
15	Wines and Spirits (7)	181.75	+2.0	10.35	6.57	14.66	14.66	178.23	178.28	178.82	180.46	158.86	185.89 (16/3)	175.82 (12/4)	257.40 (13/7/72)	78.81 (13/12/74)
16	Entertainment, Catering (14)	186.14	+1.6	12.89	7.08	11.94	11.84	182.78	185.46	186.62	194.22	144.05	211.36 (6/3)	182.86 (2/4)	329.99 (12/12/72)	54.87 (19/7/74)
17	Food Manufacturing (22)	174.80	+1.5	14.66	4.95	10.36	10.32	171.53	170.66	174.62	176.05	145.27	175.05 (21/4)	162.59 (20/2)	211.65 (1/6/72)	59.78 (11/12/74)
18	Food Retailing (16)	138.80	+1.9	11.91	5.05	12.22	12.22	135.85	135.86	140.07	142.01	140.40	150.05 (12/1)	135.61 (2/4)	235.08 (15/8/72)	54.25 (11/12/74)
19	Newspapers, Publishing (16)	172.02	+0.2	12.86	6.00	11.58	11.58	171.61	171.86	175.41	176.58	139.66	184.54 (11/3)	163.47 (2/1)	250.29 (12/1/73)	55.08 (6/1/75)
20	Packaging and Paper (12)	108.24	+0.4	19.37	7.25	7.87	7.88	107.77	108.75	110.71	110.00	98.22	112.50 (25/2)	104.18 (2/4)	156.69 (26/4/72)	43.46 (6/1/75)
21	Stores (34)	127.15	+3.2	11.84	5.54	13.02	13.00	123.23	123.06	126.99	128.44	127.88	136.24 (3/2)	121.50 (12/4)	204.39 (16/5/72)	52.65 (6/1/75)
22	Textiles (23)	167.08	+1.5	13.20	6.63	10.00	9.86	165.00	164.78	169.31	173.29	151.09	185.19 (30/1)	163.16 (12/4)	253.72 (17/8/68)	62.66 (11/12/74)
23	Tobaccos (3)	229.48	+2.4	19.00	6.18	8.03	8.03	224.04	221.54	226.35	230.10	179.41	256.22 (6/2)	211.56 (5/3)	339.16 (2/8/72)	94.34 (13/6/62)
24	Toys and Games (5)	73.37	+0.9	18.59	6.06	7.49	7.49	72.70	72.84	73.75	74.14	41.41	74.14 (21/4)	59.13 (22/1)	135.72 (18/1/70)	20.92 (6/1/75)
	OTHER GROUPS (96)															
25	Chemicals (26)	226.78	+1.5	11.46	4.29	12.44	12.45	222.95	222.65	224.80	229.99	159.74	229.99 (21/4)	196.46 (6/1)	229.99 (21/4/76)	71.20 (1/12/74)
26	Office Equipment (9)	98.67	+2.2	15.05	5.24	11.67	11.67	96.56	97.12	98.31	99.82	96.49	99.82 (21/4)	86.09 (2/1)	246.06 (1/9/72)	46.34 (2/1/75)
27	Shipping (12)	381.05	+1.6	15.87	6.73	6.79	6.82	375.10	373.47	380.26	383.06	365.75	452.64 (30/1)	353.82 (19/3)	517.00 (5/12/72)	90.80 (29/5/62)
28	Miscellaneous (49)	169.66	+0.9	15.72	6.26	10.74	10.74	168.09	167.67	170.79	172.96	142.94	172.96 (21/4)	156.79 (2/1)	258.65 (3/5/72)	60.39 (6/1/75)
29	INDUSTRIAL GROUP (496)	161.41	+1.5	13.88	5.51	10.70	10.63	158.92	158.77	161.82	164.37	132.73	164.37 (21/4)	152.00 (2/1)	220.17 (1/5/72)	59.01 (13/12/74)
30	OILS (4)	373.14	+0.6	11.48	4.41	10.07	9.52	370.81	368.06	368.12	369.02	249.26	373.14 (27/4)	331.34 (16/3)	431.66 (29/6/69)	87.23 (29/5/62)
31	500 SHARE INDEX	178.92	+1.5	13.50	5.34	10.60	10.40	176.35	176.07	178.74	181.37	143.67	181.37 (21/4)	167.61 (2/1)	227.95 (16/8/72)	63.49 (13/12/74)
32	FINANCIAL GROUP (100)	136.89	+1.5	—	5.55	—	—	135.07	136.25	138.95	142.11	145.15	153.46 (30/1)	132.75 (12/4)	241.41 (11/4/72)	65.88 (13/12/74)
33	Banks (6)	164.58	+1.2	18.59	5.14	5.38	5.38	162.65	161.09	165.76	170.81	156.89	192.16 (29/1)	152.93 (19/3)	286.32 (20/7/72)	62.44 (12/12/74)
34	Discount Houses (10)	169.35	+2.2	—	7.72	—	—	165.99	166.24	166.59	165.76	151.60	186.52 (13/1)	152.20 (1/4)	293.13 (2/7/72)	81.40 (10/12/74)
35	Hire Purchase (5)	114.66	+2.7	—	5.49	—	—	111.84	112.71	118.52	122.24	124.93	132.10 (26/2)	104.50 (2/1)	433.72 (4/5/72)	38.85 (11/12/74)
36	Insurance (Life) (9)	118.72	+1.7	—	6.01	—	—	116.75	118.25	122.64	125.22	120.16	129.46 (30/1)	116.73 (26/4)	194.46 (15/3/72)	44.88 (2/1/75)
37	Insurance (Composite) (7)	110.47	+1.8	—	6.55	—	—	108.50	109.64	112.76	114.95	114.39	119.75 (30/1)	105.32 (5/1)	156.76 (21/4/72)	43.96 (13/12/74)
38	Insurance (Brokers) (9)	254.65	+1.7	8.41	4.15	17.60	17.60	250.52	249.10	260.98	261.19	188.32	254.65 (27/4)	218.26 (5/1)	262.37 (13/12/72)	65.86 (16/12/74)
39	Merchant Banks (17)	82.81	+1.5	—	6.66	—	—	81.71	81.86	83.13	83.48	90.93	93.83 (27/1)	77.94 (9/4)	278.67 (1/6/72)	31.21 (7/1/75)
40	Property (31)	159.84	+0.1	3.16	3.09	55.89	56.79	159.75	159.70	164.18	168.83	237.13	194.57 (30/1)	155.65 (12/4)	357.40 (9/11/73)	56.01 (20/4/65)
41	Miscellaneous (6)	81.46	+1.8	16.05	6.89	9.76	9.76	80.01	79.47	80.67	80.63	72.13	91.98 (3/2)	78.10 (2/4)	303.13 (12/5/72)	33.29 (17/12/74)
42	Investment Trusts (50)	164.86	+0.7	3.14	4.39	35.16	35.14	163.68	163.77	165.88	166.59	166.54	184.55 (30/1)	155.54 (2/4)	246.79 (25/4/72)	71.63 (13/12/74)
43	ALL-SHARE INDEX (650)	168.11	+1.4	—	5.29	—	—	165.77	165.63	168.47	171.05	143.54	172.64 (30/1)	160.52 (2/1)	228.18 (1/5/72)	61.92 (13/12/74)
	COMMODITY GROUPS (Not included in 500 or All-Share indices)															
44	Rubbers (9)	497.69	+0.9	11.97	6.80	12.59	12.42	493.40	490.53	487.10	487.72	484.92	497.69 (27/4)	404.67 (14/1)	555.37 (23/7/73)	84.68 (25/8/65)
45	Teas (8)	138.73	+0.2	30.37	8.54	4.47	4.32	138.49	135.70	135.90	131.68	88.28	138.73 (27/4)	117.89 (7/1)	138.73 (27/4/76)	59.72 (17/10/74)
46	Coppers (3)	251.01	+1.1	39.37	6.85	2.54	2.54	248.18	228.75	238.55	223.44	443.23	301.47 (7/1)	178.96 (5/4)	567.78 (13/7/73)	94.08 (29/4/62)
47	Mining Finance (11)	115.61	+3.7	10.08	4.28	11.25	11.25	111.48	108.42	109.48	107.48	122.83	119.77 (7/1)	86.18 (3/3)	175.90 (28/4/69)	66.31 (30/9/74)
48	Tins (8)	106.11	+0.8	11.43	8.32	12.76	12.08	105.31	105.50	105.79	106.63	99.87	106.31 (15/4)	86.09 (9/2)	125.43 (12/1/73)	54.83 (27/5/71)
49	Overseas Traders (13)	247.61	+1.5	13.53	4.17	9.69	9.68	244.36	245.70	249.08	249.43	227.11	249.43 (21/4)	229.55 (2/1)	252.23 (30/5/75)	97.37 (6/1/75)

	FIXED INTEREST	Tuesday April 27 Index No.	Yield %	Monday April 26	Friday April 23	Thurs. April 22	Wed. April 21	Tues. April 20	Thurs. April 15	Wed. April 14	Year ago (approx.)	1976 High	1976 Low	Since Compilation High	Since Compilation Low
1	Consols 2½% yield	—	14.01	14.21	14.19	13.99	13.60	13.60	13.66	13.85	15.42	—	—	—	—
2	20-yr. Govt. Stocks (6)	49.48	†13.15	48.61	48.71	49.47	50.95	51.12	50.75	50.34	46.01	53.45 (30/1)	47.56 (2/1)	115.42 (11/9/63)	38.27 (3/1/75)
3	20-yr. Red. Deb. & Loans (15)	49.38	†14.95	49.38	49.43	50.31	50.52	50.12	49.68	49.58	46.59	51.46 (4/2)	46.68 (2/1)	113.43 (24/10/63)	37.01 (3/1/75)
4	Investment Trust Prefs. (15)	47.66	14.52	47.26	47.49	47.90	47.90	47.67	47.85	47.85	45.26	51.23 (18/2)	46.80 (2/1)	114.41 (13/9/63)	34.49 (4/12/74)
5	Coml. and Indl. Prefs. (20)	64.93	14.71	64.63	65.01	65.65	65.81	66.71	66.61	65.36	69.38	71.97 (2/2)	62.76 (2/1)	114.95 (7/10/63)	47.67 (6/1/75)

Section or Group	Base Date	Base Value	Section or Group	Base Date	Base Value
Overseas Traders	31/12/74	100.00	Miscellaneous Financial	31/12/70	128.06
Engineering (Heavy)	31/12/71	153.84	Food Manufacturing	29/12/67	114.13
Engineering (General)	31/12/71	153.84	Food Retailing	29/12/67	114.13
Wines and Spirits	16/1/70	164.75	Insurance Brokers	29/12/67	96.67
Toys and Games	16/1/70	135.72	Mining Finance	29/12/67	100.00
Office Equipment	16/1/70	[illegible]	All Others	10/4/62	100.00
Industrial Group	31/12/70	128.20	† Redemption yield.		

Indices calculated by Extel Communications Limited (a member of the Exchange Telegraph Group) on an IBM 370 computer.

A list of the constituents of the FT-Actuaries Share Indices is now available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1976 high	1976 low
Marks & Spencer	25p	14	98	+5	106	88
ICI	£1	12	399	+3	411	334
Barclays Bank	£1	11	298	+2	350	272
BICC "New"	Nil/pd.	11	22*	+3	26*	16*
Beecham	25p	10	358	+4	372	339
"Bats"	25p	10	375	+2	378	342
BP	£1	10	655	+5	658	575
Glaxo	50p	10	412	+7	417	357
Shell Transport	25p	10	427	+3	430	378
GEC	25p	9	158	+1	168	142
Cons. Gold Fields	25p	8	187	+1	220	146
RTZ	25p	8	233	+2	239	178
Distillers	50p	7	149	+3	152	142
Inchcape	£1	7	430	+2	438	360
Rank Org.	25p	7	170	+5	195	143

The above list of active stocks is based on the number of bargains recorded yesterday in the Official List and under Rule 163(1) (e).
* Premium.

Option Report—3-month Call rates

OPTION DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Apr. 28	May 10	July 22	Aug. 3
May 11	May 24	Aug. 5	Aug. 17
May 25	Jun. 8	Aug. 19	Sep. 1

"Calls" were dealt in J. B. Eastwood, Capital and Counties 7% Debenture, Grand Metropolitan, J. Lyons 'A', Weir Group, British Leyland, Slater Walker and Hawthorn Leslie. No "puts" were reported, while "doubles" were arranged in Town and City, J. B. Eastwood, BPB, MEPC, British Leyland and RHM.

Industrials							
A. P. Cement	15	Guardian	20	Spillers	5	Shell	22
Assoc. Leisure	3	G.K.N.	22	Tesco	5	Ultramar	50
Barclays Bank	22	Hawker Sidd.	55	Thorn "A"	20		
Beecham	25	House of Fraser	8	Tube Invest.	27	Mines	
Boots Drug	12	I.C.I.	21	Unilever	40	Anglo Amer.	50
[illegible]		"Imps"	7	Utd. Drapery	10	Charter Cons.	16
		I.C.L.	14	Vickers	15	Chart'rh'll Fin.	6
B.A.T.	30	Legal & General	13	Woolworths	5	De Beers Def.	35
British Leyland	7	Ladbroke	11			F. S. Geduld	350
BOC Int.	5½	Lloyds Bank	22	Property		Great Boulder	12
Burton 'A'	7	"Lots"	4	Brit. Land	4½	Hampton Areas	12
Cadburys	6	"Mams"	6	Cap Counties	3½	Hampton Prop.	4
Courtaulds	11	Marks & Sp'ncer	10	E.P.	8	Kloof	100
Debenhams	6	Midland Bank	22	Int. Europ	7	Lonrho	12
Distillers	15	Nat West Bank	20	Land Securities	16	Loraine	56
Dunlop	7½	"Do" Warrants	8½	MEPC	10	Poseidon	55
Eagle Star	13	P & O Dfd.	11	Peachey	5½	Pres. Steyn	200
E.M.I.	17	Plessey	6	Town & City	3½	Rio T. Zinc	17
Gen. Accident	16	R.H.M.	6	Town & Comm.	4	Welkom	55
Gen. Electric	13	Rank Org. 'A'	18			West Areas	40
Glaxo	55	Reed Int'l	25	Oils		Western M'ng	18
Grand Met.	7	Rothmans	4	Brit. Petroleum	40		
G.U.S. 'A'	17	Slater Walker	4½	Burmah Oil	7		

MONEY MARKET

Interest rates easier

Bank of England Minimum Lending Rate 10½ per cent. (since April 23, 1976)

Short-term fixed period interest rates were generally lower in the London Money market yesterday, with the three-month sterling certificate yield easing to $10\frac{3}{16}$-$10\frac{1}{16}$ per cent., from $10\frac{5}{16}$-$10\frac{3}{8}$ per cent. previously. Discount houses buying rates for three-month Treasury bills were in the region of 10-$9\frac{31}{32}$ per cent., against $10\frac{1}{16}$-10 per cent. on Monday.

Day-to-day credit was in slightly short supply overall and the authorities gave assistance by buying a moderate amount of Treasury bills from the discount houses.

Banks brought forward surplus balances and Government disbursements exceeded revenue payments to the Exchequer. On the other hand there was a net market take-up of Treasury bills, an increase in the note circulation, and the authorities held maturing local authority bills.

Discount houses paid 9-9½ per cent. for secured call loans in the early part and closing balances were taken at around 9¾-10 per cent.

In the interbank market overnight loans opened at 9-9½ per cent. and were in the region of 9¼-9¾ per cent. for the most part, but increased sharply to 12-12½ per cent. towards the close.

Rates in the table below are nominal in some cases.

April 27 1976	Sterling Certificates of deposits	Interbank	Local Authority deposit†	Local Auth. negotiable bonds	Finance House deposit	Company deposits	Discount market deposits	Treasury bills ◆	Bank Bills ◆	Fine Trade Bills ◆
Overnight	—	9-12½	—	—	—	9⅞	9-10	—	—	—
2 days notice	—	—	9½	—	—	—	—	—	—	—
7 days or 7 days notice	—	[illegible]	[illegible]	—	—	—	[illegible]	—	—	—
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	—	[illegible]	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	10¼	[illegible]	[illegible]	—	[illegible]	[illegible]	10	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	[illegible]	[illegible]
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—	—
One year	[illegible]	[illegible]	[illegible]	[illegible]	11¼-11	—	—	—	—	—
Two years	—	—	—	11¾-12¼	—	—	—	—	—	—

† Local authority and finance houses seven days' notice, others seven days' fixed. * Longer-term local authority mortgage rate nominally three years [illegible] per cent.; four years [illegible] per cent.; five years [illegible] per cent. ◆ Bank bill rates in table are buying rates for prime paper. [illegible]

Finance House Base Rates (published by the Finance Houses Association): [illegible] per cent. from April 1, 1976. Clearing Bank Deposit Rate for small sums at seven days' notice [illegible] per cent. Clearing Bank Base Rate for lending [illegible] per cent. Treasury Bills: Average tender rate of discount [illegible] per cent.

FINANCIAL TIMES STOCK INDICES

	April 27	April 26	April 23	April 22	April 21	April 20	[illegible]
Government Secs.	61.47	60.81	60.63	61.45	63.34	[illegible]	[illegible]
Fixed Interest	60.64	60.16	60.09	61.97	62.38	[illegible]	[illegible]
Industrial Ordinary	409.9	405.1	401.0	405.2	419.6	[illegible]	[illegible]
Gold Mines	192.0	190.7	174.0	170.9	169.5	[illegible]	[illegible]
Ord. Div. Yield	5.14	5.19	5.26	5.19	4.97	[illegible]	[illegible]
Earnings Y'ld % (full)	15.12	15.29	15.46	15.12	14.68	[illegible]	[illegible]
P/E Ratio (net) (*)	9.73	9.62	9.51	9.52	9.71	[illegible]	[illegible]
Dealings marked	5,354	4,938	6,107	5,995	5,880	[illegible]	[illegible]
Equity turnover £m	—	50.07	57.39	71.13	57.36	[illegible]	[illegible]
Equity bargains total	—	13,760	13,978	15,744	16,778	[illegible]	[illegible]

10 a.m. 406.2. 11 a.m. 408.4. Noon 410.1. 1 p.m. 411.0. 2 p.m. 411.1. 3 p.m. 410.4.

Latest Index [illegible]

(a) Based on 52 per cent. corporation tax. (b) Nil [illegible]

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1976 High	1976 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	66.21 (30/1/76)	60.19 (2/1/76)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	64.43 (2/2/76)	59.73 (2/1/76)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	419.6 (21/4/76)	381.6 (6/1/76)	543.6 (13/5/72)	49.4 (26/6/40)
Gold Mines	246.9 (2/1/76)	140.1 (6/4/76)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTI[VITY]

Daily: Gilt-Edged, Industrials, Speculative, Totals; 5-day Average: Gilt-Edged, Industrials, Speculative, Totals [illegible]

NEW HIGHS AND LOWS FOR 1976

The following securities (numbers in parentheses) among those quoted in the Share Information Service yesterday attained new Highs and Lows for 1976.

NEW HIGHS (76)

AMERICANS (12): Amax, Caterpillar, Citicorp, Continental Oil, Eaton Corp., Exxon, Ford Motor, Internat'l Harvester, Manf. Hanover, Rep. New York, Shell Oil, TRW

CANADIANS (3): Bell Canada, Hollinger, [illegible]

BEERS (1): Boddingtons

BUILDINGS (2): Brownlee, [illegible]

STORES (1): [illegible]

ELECTRICALS: Marshalls [illegible]

ENGINEERING: British Rollmakers, Capper-Neill, [illegible]

FOODS: Avana, Morrison (W.), [illegible]

INDUSTRIALS: British Industrial, BH Prop., Crosby House, Crowther (J.), Dunbee-Combex, Fosseco Minsep, Franklin, Matthews Wrightson, Minet [illegible]

MOTORS: Volvo, Automotive Prods. [illegible]

NEWSPAPERS: E. Mid. Allied Press, Hindson [illegible]

SHIPBUILDERS: Yarrow

TEXTILES: Pretoria [illegible]

OILS: BP, Royal Dutch [illegible]

TRUSTS: Gill and Duffus [illegible]

RUBBERS: Cons. Plantations, Golden Hope, Guthrie [illegible]

TEAS: McLeod Russel

MINES: Durban Deep, Anglo American, Anglo-Vaal, Middle Witwatersrand, Silvermines, AM and S, Bougainville, Metals Exploration [illegible]

NEW LOWS (29)

BUILDING (1): Charles (David)

STORES (1): Greenfield Millets [illegible]

FOODS (3): [illegible] Kinloch, Morgan Edwards, Watson Phillips

INDUSTRIALS (11): Bath and Portland, Black and Edgington, Brook St. Bureau, Cawoods, Chamberlain Phipps, Hamilborne, Marks (A.), Maynards, Simpson (S.) A, Staffs. Potts., United Industrial

PAPER (3): Assd. Paper, British Printing, Eucalyptus Pulp

PROPERTY (3): Gilgate, Land Secs. 6¼Cnv. 85, Lon. Shop Prop.

TRUSTS (3): Forest, Scottish Cont. Inv., Triplevest Inc., Investment Co., White Drummond

RISES AND FALLS YESTER[DAY]

British Funds; Corpns. Dom. and Foreign Bonds; Industrials; Financial and Prop.; Oils; Plantation; Mines; Recent Issues; Totals [illegible]

BASE LENDING RATES

Allied Irish Bank[illegible]; American Express [illegible]; Anglo-Portuguese [illegible]; Henry Ansbacher [illegible]; Banco de Bilbao [illegible]; Banco de Santan[illegible]; Bank of Cyprus [illegible]; Bank of N.S.W. [illegible]; Banque du Rhone [illegible]; Barclays Bank [illegible]; Barnett, Christie [illegible]; Bremar Holdings [illegible]; Brit. Bank of Mid. [illegible]; ■ Brown Shipley [illegible]; Canada Permanen[illegible]; Cayzer, Bowater Co[illegible]; Cedar Holdings [illegible]; ■ Charterhouse Japh[illegible]; C. E. Coates [illegible]; Consolidated Cred[illegible]; Co-operative Bank [illegible]; Corinthian Secs. [illegible]; Credit Lyonnais [illegible]; C. R. Dawes [illegible]; Duboff Brothers [illegible]; Duncan Lawrie [illegible]; English Transcont. [illegible]; First London Secs. [illegible]; ■ Antony Gibbs [illegible]; Goode Durrant Tr[illegible]; Greyhound Guara[illegible]; Grindlays Bank [illegible]; ■ Guinness Mahon [illegible]; ■ Hambros Bank [illegible]; Hawtin & Partners [illegible]; ■ Hill Samuel [illegible]; C. Hoare & Co. [illegible]; Julian S. Hodge [illegible]; Hongkong & Shan[illegible]; Industrial Bank of [illegible]; Keyser Ullmann [illegible]; Knowsley & Co. Lt[illegible]; Lloyds Bank [illegible]; London & Europe[illegible]; London Mercantil[illegible]; Midland Bank [illegible]; ■ Samuel Montagu [illegible]; ■ Morgan Grenfell [illegible]; National Westmi[illegible]; Northern Comm. [illegible]; Norwich General T[illegible]; Portman Guarant[illegible]; P. S. Refson & Co. [illegible]; Rossminster Accep[illegible]; Schlesinger Limite[illegible]; E. S. Schwab [illegible]; Security Trust Co. [illegible]; Shenley Trust [illegible]; Standard Chartere[illegible]; Trade Developmen[illegible]; Twentieth Century [illegible]; United Bank of Ku[illegible]; Whiteaway Laidla[illegible]; Williams & Glyn' [illegible]; Yorkshire Bank [illegible]

■ Members of the Accepting Houses Committee. [illegible]

CORAL INDEX

Close 406-411

I.G. INDEX

GOLD [illegible]

INSURANCE BASE RATES

† Atlantic Assurance [illegible]; Cannon Assurance [illegible]; † Property Bond table.

AUTHORISED UNIT TRUSTS

INSURANCE, PROPERTY, BONDS

OFFSHORE AND OVERSEAS FUNDS

REGIONAL MARKETS

of the share prices previously shown under regional headings is w with quotations on London. Irish issues, most of which are not in London, are shown separately and with prices as on the Irish

		Graig Ship. £1	318	+3	Shiloh Spinn	25	......
		Hallam Sleigh 10p	8		Sindall (Wm.)	53	......
19	......	Higsons Brew	100	......	IRISH		
34	......	I.O.M. Stm. £1	138	......			
29	......	Holt (Jos.) 25p	230	......	Alliance Gas (£1)	72	......
145	......	Kleen-e-Ze	21	......	Carroll (P. D.)	128	......
30	......	Lovell's Ship £1	80	......	Clondalkin	90	......
327	......	N'hn. Goldsmith	90	......	Concrete Prods.	55	......
20	......	P.M.A.	46	−1	Goodbody (£1)	25	......
69	......	Pearce (C. H.)	82	......	Helton (Hldgs.)	29	......
23	......	Peel Mills	13	......	Irish Distillers	56	+1
16	......	RobbCaledonSh.	43	......	Irish Wire	40	......
55	......	Sayers 12½p	13	−1	Jacob	62	......
16½	......	Sheffield Brick	65	−2	Sunbeam	13½	......
152	......	Sheff. Refrshmt	140	......	Unidare	70	......

NTERIM STATEMENT

RITISH ASSETS 'RUST LIMITED

6 months to 31st March, 1976

tors have declared an Interim Dividend in respect ar to 30th September 1976 on the Ordinary shares mpany of 0.725p per share (same). The payment July 1976. The unaudited figures for the six months arch 1976, together with the comparable figures for nths to 31st March 1975 are as follows:—

	31st March 1976	31st March 1975
	£	£
E		
ie	1,837,000	1,640,000
st and expenses	885,000	804,000
ue before tax	952,000	836,000
ion (Note 1)	373,000	343,000
evenue	579,000	493,000
rence dividend	90,000	90,000
able for Ordinary	489,000	403,000
ary dividend	597,000	596,000
E SHEET:		
S		
tments	63,947,000	45,822,000
ncy premium	9,396,000	8,493,000
ng loan	7,500,000	7,500,000
ash and deposits	3,493,000	2,187,000
	84,336,000	64,102,000
CED BY		
	15,749,000	14,325,000
rence capital	5,250,000	5,250,000
ertible loan stock	6,822,000	6,886,000
y	56,515,000	37,641,000
	84,336,000	64,102,000
ts per share available for after deducting prior at par	68.6p	45.8p
ming full conversion of le loan stock	66p	No dilution

on franked income is £251,000 (£149,000). Corporation on unfranked income, less interest, expenses and holding taxes is £48,000 (£121,000). Overseas taxes 74,000 (£73,000).

applicable amount of the investment currency pre- n. 11.4p per share (of which 25% is surrenderable ealisation), has been included in the valuation.

BS

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1976 High	Low	Stock	£	+ or -	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99	92	Treasury 6½pc 1976‡‡	99	+⅛	6.57	9.76
98⅝	96⅝	Victory 4pc 1976‡‡	98⅝		4.04	—
101	99	Treasury 10½pc 1976‡‡	100⅛	+⅛	10.49	10.15
98	95	Treasury 6¼pc 1977‡‡	96¾	+¼	6.46	10.21
97¼	94½	Electric 3pc 74-77	94⅝	+	3.17	9.48
103	92	Treasury 11½pc '77‡‡	101½	+⅜	11.37	10.55
94¼	91⅞	Treasury 3pc '77‡‡	93⅞xd	+⅞	3.20	7.24
94	92¼	Transport 4pc '72-77	92⅞	+⅝	4.21	8.71
99	90½	Treasury 9pc 1978‡‡	97¼	+½	9.25	10.88
101½	98	Treasury 10½pc '78‡‡	99⅝	+⅝	10.54	10.65
93	89⅝	Exchequer 5pc '76-78‡‡	90½	+¾	5.52	9.47
103	100¼	Treasury 11½pc '79‡‡	101⅛	+⅝	11.37	11.22
86½	83⅝	Treasury 3pc '79‡‡	85⅜	+⅜	3.51	8.13
89	73⅞	Electric 4¼pc '74-79	87⅞	+½	4.86	8.58
100	96	Treasury 10½pc '79‡‡	98xd	+¾	10.71	11.38
88⅛	83⅝	Electric 3½pc '76-79	86½xd	+⅝	4.05	7.91
96	91	Treasury 9pc 1980‡‡	93¼	+¼	9.65	11.40
96½	92	Treasury 9½pc '80‡‡	94⅛xd	+¾	10.09	11.37
86	82¼	Treasury 3½pc '77-80	82¾	+½	4.23	8.54
88¼	71	Funding 5¼pc '78-80‡‡	85¾	+½	6.12	9.49
103	98	Treasury 11½pc 1981	100⅛	+¾	11.49	11.43
86	80¼	Do 3½% 1979-81	80¾	+⅜	4.33	8.45
95⅝	92	Do 9¾% 1981‡‡	93⅛	+⅝	10.47	11.61
		Five to Fifteen Years				
93¼	86⅛	Treasury 8½pc '80-82‡‡	90¾	+½	9.62	11.31
107¾	99½	Treasury 12pc 1983‡‡	100¾	+½	12.08	12.13
80¼	73¼	Funding 5½pc '82-84‡‡	78¾	+¼	7.13	9.78
87⅛	79⅞	Treasury 8½pc '84-86‡‡	85¼	+⅞	10.28	11.43

Over Fifteen Years

Undated

**INTERNATIONAL BANK

**CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS (Miscel.)

FOREIGN BONDS & RAILS

U.S. $ DM Prices exclude inv. $ premium

AMERICANS

S.E. List Premium 50% (based on $1.8250 per £)

Conversion factor 0.6664 (0.6738)

CANADIANS

S.E. List Premium 30% (based on $1.7934 per £)

††BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER & ROADS

BUILDING INDUSTRY—Continued

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Continued

ELECTRICAL AND RADIO

ENGINEERING, MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

هكذا ص الأصل

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPBUILDERS, REPAIRERS

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS—Continued

[illegible]

TRUSTS—Continued

[illegible]

Finance, Land, etc.

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

MINES—Continued

FAR WEST RAND

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
710	350	Blyvoor 25	570	.....	‡Q100c	1.3	‡
£14	785	Buffels R1	£10¼	+¼	Q180c	1.4	10.4
198	95	Deelkraal R0.20	140	.....	—	—	—
760	330	Doornfontein R1	430	−10	‡Q110c	1.4	‡
965	640	East Drie R1	870	+10	Q75c	1.7	5.1
280	160	Elands'd Gld Mng 20c	210	+10	—	—	
190	115	Elsburg R1	145	−5	Q33.8c	1.0	13.8
£16½	£11¼	Hartebeest R1	£14¼	+¼	Q215c	1.4	8.6
695	430	Kloof Gold R1	560	+5	Q55c	1.4	5.8
760	400	Libanon R1	515	−15	‡Q115c	1.9	‡
740	335	Southvaal 50c	520	+20	Q8c	1.3	8.9
245	140	Stilfontein 50c	195	.....	Q36c	2.2	7.9
£20½	£10¾	Vaal Reefs 50c	£16¼	+¼	Q175c	2.1	6.2
420	190	Venterspost R1	245	−5	‡Q70c	1.9	‡
£35	£19¾	W. Drie R1	£24¼	+¼	‡Q485c	1.2	‡
315	165	W'st'rn Areas R1	245	+5	Q52c	1.4	12.6
£15¼	775	Western Deep R2	£11½	+¼	Q167½c	1.6	4.0
290	190	Zandpan R1	240	.....	Q35½c	1.0	8.8

O.F.S.

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
170	75	Fr. State Dev. 50c	135	.....	Q14c	1.6	6.1
£22½	£12	F.S. Geduld 50c	£17	+¼	‡Q330c	1.3	‡
128	57	F.S. Saaiplaas R1	126	−2	7bc	0	2.8
465	295	Harmony 50c	420	−15	Q65c	◆	9.2
195	70	Loraine R1	132	+5	Q6c	0.5	2.7
£18½	950	Pres. Brand 50c	£13½	+¼	‡Q250c	1.3	‡
£13	700	Pres. Steyn 50c	890	+10	‡Q125c	2.2	‡
£23	£12	St. Helena R1	£17¼	+¼	‡Q250c	1.2	‡
174	86	Unisel	135	−5	—	—	—
330	220	Welkom 50c	305	−15	‡Q55c	1.7	‡
£25½	£14	W. Holdings 50c	£20¼	+¼	‡Q475c	1.2	‡

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

CENTRAL AFRICAN

[illegible]

AUSTRALIAN

[illegible]

TINS

[illegible]

COPPER

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
70	42	Botswana RST P2	56	−1	—	—	—
335	170	Messina R0.50	270	+10	Q35c	1.9	7.7

MISCELLANEOUS

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
10	8	Burma Mine 17½p	9	.....	m0.5	—	1.5
39½	23	Charterhall 5p	24½	.....	—	—	—
945	580	Cons. Murch 10c	945	+20	Q80c	1.8	5.0
40	28	Lonrasia	35	+1	—	—	—
455	245	Northgate C$1	360	−5	Q25c	0.3	3.6
239	178	R.T.Z.	233	+2	5.42	2.1	3.6
112	85	Sabina Inds. C$1	90	.....	—	—	—
£12⅛	£10	Tara Exptn. $1	£12⅛	+⅛	—	—	—
123	88	Yukon Cons. C$1	123	+3	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT, are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- A Sterling denominated securities which include investment dollar premium.
- ■ "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ◆ Figures or report awaited.
- †† Banks and Insurance: reserve allocations may preclude calculation of dividend cover.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ◆ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Based on 1973 profits.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- † Regional price.
- || No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. K Figures based on prospectus or other official estimates for 1976-77. M Figures based on prospectus or other official estimates for 1976. N Dividend and yield based on prospectus or other official estimates for 1976. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 26

FINANCIAL TIMES
Wednesday April 28 1976

International plans to close 351 shops

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

INTERNATIONAL STORES, the grocery chain bought by British-American Tobacco in 1972, is to close about 40 per cent. of its branches over the next nine months.

By the end of this year it plans to have closed 351 of its 828 shops together with three retail depots. About 4,000 of the 17,500 work force will lose their jobs.

The closures follow the sale of 200 shops last year and will mean that by the end of this year only 477 of the 1,172 grocery stores acquired by B-AT are still trading.

When B-AT bought International, the stores group was making a trading profit of about £5.2m. In the year to September 1975, net profit after tax had fallen to £1.3m. and in the first four months of this financial year the company has lost £900,000.

The company which had a turnover last year of £271m., has told staff that it has no alternative but to close many smaller stores.

"Despite an extremely large turnover, no money is being made and with escalating costs the position can only become more serious unless successful remedies can be applied," it told them.

The company said that if the closure programme is carried through International will be able to get back into profit this year.

All the money realised through sale of shops will be ploughed back into the business. In all, the company intends to "re-cycle" £30m. between now, and December 1977 by selling shops' and other property interests.

Main problem

International's problem is that it has too many small shops. Its average store size is only 2,400 square feet, compared with 4,500 square feet for an average Fine Fare and 7,000 square feet for an average Tesco.

Roots of the problem go back to the 1960s when the company failed to build larger stores at a time when other groups were expanding fast. As a result Tesco overtook International in terms of sales and International is now only the fourth or fifth largest grocery chain in the country.

In 1972 the company, then operating 935 branches, was bought by BAT as part of plans to diversify into retailing. The following year BAT bought the ailing Pricerite chain and since then it has acquired about 100 other stores as well as building some larger ones of its own.

Throughout this period, however, the emphasis has been on closures and rationalisation and now the great majority of its shops trade under the International name.

Plans have been implemented to cut central administration staff by 15 per cent.

Three of the company's nine retail depots will be closed and some others will be converted from stockholding points into other kinds of depots.

Closure of depots is a consequence of the store closure programme which will be spread throughout the country and will lead to a considerable drop in International's turnover in the short term.

In the longer term the company hopes to make up this loss of sales by investing in more profitable larger stores.

International, still discussing closures with the unions, said yesterday that although about 4,000 people would lose their jobs, the grocery industry traditionally had a high rate of labour turnover.

During the past year all the big grocery retailing chains have been closing small shops.

The Cavenham subsidiary, Allied Suppliers, has closed about 200; the Fitch Lovell subsidiary, Key Markets, has closed about 100.

All the companies say these small shops were no longer viable at a time of falling demand and rising costs.

Moderates make new advances in AUEW polls

BY ALAN PIKE, LABOUR STAFF

MODERATE candidates made fresh advances in Amalgamated Union of Engineering Workers elections declared yesterday, leaving Left-wingers consoling themselves with a handful of individual results which defy the general trend.

In the most eagerly anticipated result, Left-wing executive member Mr. Bob Wright, who failed last year in efforts to become general secretary and later to hold his present executive seat, came second in a field of 14 candidates for a vacancy as one of the union's two assistant general secretaries.

He polled 63,723 compared with 82,094 for Mr. John Weakley, the British Leyland Llanelli convener who attracted maximum Right-wing support.

Mr. Weakley, who last year successfully challenged attempts to end the AUEW's postal ballot system of electing officials in the High Court, will now face Mr. Wright in a second round, with all other candidates eliminated, in October.

Until his election defeats last year, Mr. Wright was regarded as the obvious Left-wing candidate to succeed Mr. Hugh Scanlon as president of the union. But unless he recovers ground in the second ballot he will leave the union's service when his executive term expires in September.

He can draw some comfort from the fact that he has been beaten by a narrower margin than in his previous defeats and his supporters will now begin campaigning for more than 110,000 votes cast for the 12 eliminated candidates in the first round.

Challenger

The nearest challenger to Mr. Weakley and Mr. Wright is Mr George Bray, from Tyneside, who polled 31,019, while Mr. Len Blood, a Trotskyist, attracted 7,684 votes.

In a vacancy for the North-Western seat on the seven-man executive, Mr Gerry Russell, Liverpool-based divisional organiser, had a narrow victory of 15,658 to 14,906 over Mr. Harry Banks, divisional organiser at Preston.

Both men are regarded as middle-of-the-road politically, but Mr. Russell probably gained the advantage of some Left-wing votes after the defeat of the Left-wing candidate in the first round.

On a regional level, however, particularly in the West Midlands, the Left-wing suffered some serious losses.

Mr. Fred Griffiths, divisional organiser based in Birmingham, who won the post for the Left-wing three years ago, went down by 9,950 votes to 19,215 for Mr. Bill Jordan; one of the most vocal Right-wingers on the policy-making AUEW engineering section national committee.

Also in Birmingham, Mr. Brian Chambers, a Left-winger who became West Birmingham district secretary three years ago, lost the job to Mr. Bert Benson, a moderate, 1,995 to 4,692.

Vacancies due to retirement take two other leading national committee moderates into full-time office—Mr. Philip Povey as Midlands regional officer and Mr. Jim Griffin as assistant divisional organiser in Coventry.

Mr. Povey beat his challenger Mr. Jack Dickens by 39,437 to 15,789, while Mr. Griffin, with 10,419 votes, had a majority over five rivals and was declared elected on the first ballot.

While moderates are naturally pleased at the election victories, they will, as a result, lose some of their leading spokesmen on the national committee.

The main comfort for the Left-wing in yesterday's elections comes in Ireland and Scotland. Left-winger Mr. James Graham becomes divisional organiser based in Belfast, beating Mr. Samuel McKinney by 2,334 votes to 2,018.

In a fight for Scottish divisional organiser, Mr. Jimmy Reid, a Communist Party member until his resignation earlier this year, topped the first ballot with 13,359 votes. In a second round, he will face Mr. Tom Dougan, a moderate, who polled 9,662.

Success

A similar first-round success came for Left-winger Mr. Cliff Arrowsmith, who topped the poll with 3,464 for assistant divisional organiser in the West of England and now goes to second ballot.

As expected, Mr. Jim Bradley, a moderate, held his post of national organiser with 173,206 votes against 83,038 for his Left-wing opponent, Mr. Phil Higgs.

Business unity 'possible'

The view that the Scottish Chambers of Commerce and the CBI had some common ground on which they might collaborate and speak with a single, more powerful voice, was expressed yesterday by Mr. Alan H. P. Ramsay, retiring president of the Dundee and Kirkside Chambers of Commerce.

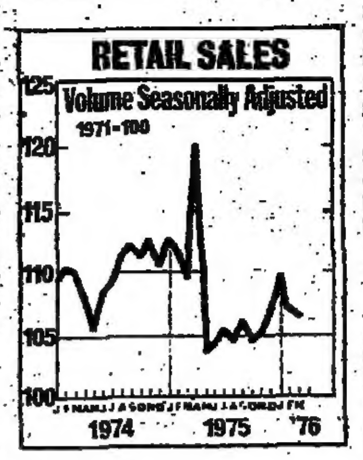
At the annual general meeting he said although he knew that such collaboration could take some time to negotiate, he could report no progress so far.

Mr. T. A. C. Keay was elected president of the Chamber.

THE LEX COLUMN

Marks struggles for growth

Index rose 4.8 to 409.9



The securities markets continued to reflect the fortunes of sterling yesterday, with gilts staging a reasonable rally—some longs were up over a point. Much of the interest in gilts centred on whether the Government broker would reactivate the short tap at around 3 points below his last selling level. In the event he failed to respond to bids from the market, which may indicate that the authorities are not yet convinced that short-term interest rates are stable enough to provide a base for funding operations. But conditions in the money market were calmer.

Marks & Spencer

Marks and Spencer has yet again confounded the sceptics by increasing its profits by £1.9m. to £83.7m. pre-tax in the year to March even after an £8.7m. increase in pension payments. However, all of the gain effectively came in the first-half—the small rise in the second six months is explained by an extra week's trading. Indeed on an adjusted basis, the rate of sales growth slowed from 24 per cent. to just over 12 per cent. between the halves with the south-east suffering more than the north.

The group still seems to have been achieving some increase in market share and over the year as a whole, volume gains are claimed to be about 7 per cent. in clothing and around 4 per cent. for foods. And although during the second half gross margins recovered some of the ground lost during last summer's stock reduction drive, the pressures have continued at the net level. There has been a fall of nearly 1½ points to 10½ per cent. in the U.K. net return after a 25 per cent. increase in payroll costs, though there are hopes of recouping some of this in the current year with the major cost rises out of the way.

The picture is likely to remain dull overseas, however; M and S lost £2.46m. on the Continent in 1975, and although the Paris sotre is now trading profitably and the Brussels branch's results are improving, the latter is still losing money and the Lyons unit is still at an early stage. So given the decision to spread certain development and start-up costs over three years, the Continental operation is unlikely to be profitable until 1977. Similarly, the re-organisation of the Canadian operation, which made a profit of £425,000 in just over seven months of 1975-76, will not come through until next year.

Back in the U.K., no one is assuming any easing of the pressures on consumer spending until at least the autumn. So it is hard to generate any enthusiasm yet about the retailing sector as a whole—and there is not much scope for improving the group's relative rating with a p/e of 16.7 at 98p.

Selection Trust

After RTZ and Consolidated Goldfields a year ago, Selection Trust is the third of the mining finance houses to go for a rights issue—in this case a two-for-nine offer at 400p to raise just over £20m. Selection Trust is being rather more specific about the uses of the cash than the other two—with its share in the Agnew nickel project in Australia likely to absorb over A$30m. in the next two or three years, while development work of C$13m. is planned for the half-owned Detour discovery in Quebec.

The group argues that it must increase its U.K. capital base in order to undertake further foreign currency borrowings—already up from £37m. to £53m. in sterling terms in the year ended last month. And it adds that financing new developments by selling assets on a large scale might erode the security for existing currency debt. The argument hangs on whether ST's new projects are going to galvanise a long term record which shows little growth in assets or earnings per share since the 1960s, with further near stagnation indicated for the year just ended.

In fact ST's prospects are interesting but only on a fairly long time scale and d[…] is being launched o[…] cautious terms, with a […] of 30 per cent. on […] night's price, against […] per cent. in the case c[…] last week, for instance. T[…] reflect the uncertainty […] gan Grenfell and Cazeno[…] the market's ability to […] stock on a p/e of well […] and an ex rights yiel[…] per cent. But at this […] there should be no pro[…]

Tozer Kemsley

Tozer Kemsley's conf[…] months ago about the […] sults has turned out […] more reliable guide to […] come than its caut[…] November as pre-tax p[…] the year are £550,000 […] £3.47m. In particular, […] and confirming pro[…] better than expected […] "unusually high" con[…] from overseas proper[…] ties. The setback on t[…] and pulp side has a[…] been limited to about […] from the 1974 trading […] £2.79m. following an […] ment towards the […] Elsewhere, importing […] tributing is back in […] after losses of £680 […] BMW sales roughly a […] and Mazda doing well […]

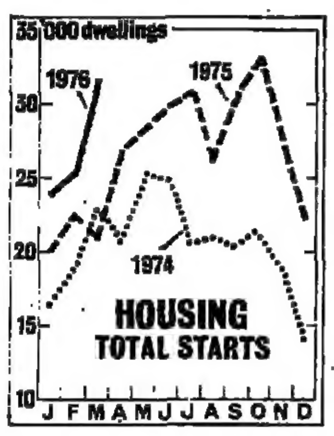
So far this year, […] real areas of concer[…] textile importing and […] tinued bad debt pr[…] North America: all […] sions are moving a[…] first quarter profits […] stantially" up. The sh[…] reflected the increa[…] mism with a rise of […] half since Novembe[…] where a capitalis[…] £16.8m. is beginnin[…] more to the long-te[…] record than the setb[…] 18 months to mid-19[…]

EMI

EMI has underper[…] market by a tenth […] interim figures […] during which time […] Electric of the U.S. […] given details of its […] full-body scanner. T[…] sents the most formi[…] petition to date. But […] that its order intake […] strong as ever, and […] be getting close to […] development by the […] gets into full proc[…] 1977. Meanwhile a v[…] profits performanc[…] Capitol in the seaso[…] third quarter reinf[…] view that EMI is on […] 11 or less for the yea[…]

House-building rise again in March

BY MICHAEL CASSELL, BUILDING CORRESPONDENT



THE IMPROVEMENT in house-building activity continued in March, with private housing starts reaching their highest level since 1973.

The all-round picture on the housing front now looks reasonably encouraging, though there remain widespread doubts about how long the gradual recovery will continue.

No major upturn

Recent figures on the state of the housing industry's order books provide no indication that a major upturn in activity is round the corner. A modest increase for the year is all that is generally expected. Last year, total housing starts reached 321,000 while the number of homes made ready for occupation came to 311,000.

March was a fairly buoyant month. According to provisional figures from the Department of the Environment, a start was made on 15,500 private homes, making it the best month on record for over two years. In March last year private starts amounted to only 9,700 and this February they reached only 10,400.

A seasonal upturn in private housing work would in any case now be expected but with building society lending reaching record levels, it seems there is growing confidence among some builders. Those building at the lower end of the market are known to be experiencing high sales and output is being stepped up.

In the council housing field, where output has been consistently higher than in the private sector for some time, a further 16,000 homes entered the construction stage, an increase of nearly 5,000 on the same month last year and 1,200 up on February. The combined total of private and local authority starts was 31,500, a rise of 10,000 over March, 1975, and 6,000 up on the previous month.

Council house boost

The total number of homes completed last month also took a big leap compared with the low output figures in the first two months of the year, although the performance was only on a par with the levels towards the end of 1975.

According to the Department 15,500 council homes were completed in March, compared with 13,000 a year earlier and 12,500 this February. At the same time, 12,500 more private homes were completed and came on to the market, a rise of 1,800 from March 1975 and of 1,700 from February this year. At 28,000, the total number of house completions was a little over 4,000 up on a year earlier and nearly 5,000 higher than in February.

In the first three months of this year housing starts were an estimated 3 per cent. up on the last quarter of 1975 and 20 per cent higher than in the same period of last year. Completions were down by 2 per cent. in the last three months of 1975 but still 6 per cent. up on the first quarter of last year.

House renovation grants for an estimated 46,000 homes were approved in the first three months of this year, compared with 44,600 in the same quarter of 1975, the Department said.

New chief for Bow Group

THE Conservative Bow Group's chairman is to be Mr. Ian Clarke, a consultant statistician who unsuccessfully fought Coventry North East for the Tories in the General Election.

Weather

U.K. TO-DAY

EASTERN areas will have a few light showers. Elsewhere there may be some sunny intervals. Northern areas will have some rain. Generally cold.

London, S.E. England, E. Anglia
Scattered light showers. Winds N.E. fresh. Max. 9C (48F).

Southern, S.W. and N.W. England, the Midlands, Channel Is., Wales, Lakes
Dry with some bright or sunny intervals. Winds easterly. Max. 11C (52F).

Central North, and N.E. England
A few showers, dying out. Winds N.E. light. Max. 8C (46F).

Isle of Man, South Scotland, the Highlands, N. Ireland
Mainly cloudy. Winds light. Max. 11C (52F).

N. Scotland, Orkney, Shetland
Cloudy with a little light drizzle. Winds variable and light. Max. 10C (50F).

Outlook: Mostly dry, with sunny periods.

Lighting-up: London 20.48, Manchester 20.62, Glasgow 21.15, Belfast 21.21.

BUSINESS CENTRES

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Alexandria.	C	23	73	Luxemb'g	C	7	45
Amstrdm.	C	7	45	Madrid	C	14	57
Athens	S	19	66	Manchstr.	C	7	45
Barcelona	C	16	61	Melbourne	R	10	50
Beirut	F	32	90	Milan	S	18	64
Belfast	C	8	46	Montreal	C	7	45
Belgrade	C	8	46	Moscow	R	7	45
Berlin	R	7	45	Munich	F	10	50
Birmghm.	C	7	45	Newcastle	C	7	45
Bristol	C	8	46	New York	C	10	50
Brussels	C	8	46	Oslo	F	6	43
Budapest	R	10	50	Paris	S	12	54
B. Aires	S	24	75	Perth	C	24	75
Cairo	S	40	104	Prague	S	10	50
Cardiff	C	8	46	Reykjavik	C	8	46
Cologne	F	8	46	Rome	F	16	61
Copnhagn.	Sn	2	36	Singapore	C	30	86
Dublin	C	9	48	Stockholm	Sn	1	34
Edinb'rgh	F	8	46	Strasb'rg	C	11	52
Frankfurt	C	8	46	Sydney	F	25	77
Geneva	S	11	52	Tehran	S	17	63
Glasgow	C	9	48	Tel Aviv	C	34	93
Helsinki	F	5	41	Tokyo	C	22	72
Hong Kong	S	27	81	Toronto	C	5	41
Jo'burg	S	24	75	Vienna	S	14	57
Lisbon	F	15	59	Warsaw	S	14	57
London	C	8	46	Zurich	F	11	52

HOLIDAY RESORTS

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Algiers	F	21	70	Majorca	S	13	55
Biarritz	C	12	54	Malaga	F	19	66
Bordeaux	S	16	61	Malta	S	16	61
Casablnca.	C	17	63	Nairobi	S	21	70
Cape Town	C	22	72	Naples	F	15	59
Corfu	C	15	59	Nice	S	15	59
Gibraltar	F	20	68	Nicosia	R	26	79
Guernsey	C	8	46	Oporto	C	12	54
Innsbruck	F	14	57	Rhodes	F	21	70
Inverness	C	8	46	Salzburg	F	11	52
Isle of Man	C	10	50	Tangier	F	17	63
Istanbul	F	18	64	Tenerife	C	15	59
Jersey	C	11	52	Tunis	S	20	68
Las Plms.	S	22	72	Valencia	C	18	64
Luxor	S	41	106	Venice	F	14	57

S—Sunny. F—Fair. C—Cloudy. R—Rain. Sn—Snow.

NY Stock Exchange chief quits

By Jurek Martin, U.S. Editor

WASHINGTON, April 27.

MR. JAMES J. NEEDHAM abruptly resigned to-day as chairman of the New York Stock Exchange. He is to be replaced next month by Mr. William Batten, a 67-year-old public director of the NYSE and a former chief executive of J. C. Penney, the department store chain.

There were no clues either in the official announcement or at a Press conference as to why Mr. Needham had given up the post he has held since 1972 as the first full-time salaried chairman of the Board. He merely said it was "time to change the guard."

He said he had declined an offer to stay on as president but denied being forced out. He had first discussed leaving several months ago and at one stage Mr. Batten had been asked to succeed him, had refused, but had now changed his mind.

Mr. Needham would not say what he planned to do next.

Wall Street was taken aback by the news. But on reflection several brokers suggested that although there had been no recent rumours that Mr. Needham was about to go, the respect and authority that he commanded on Wall Street and in Washington had been sharply eroded in the last couple of years.

What has happened is that he had run up against—and more often than not lost to — key elements of the power structure which dominates the industry.

He was not winning his battles with the Securities and Exchange Commission in Washington. He had fought against the onset of negotiated commission rates and was bitterly opposed to the SEC Fiat expanding "off board" trading by NYSE members in listed stocks. He has also had differences with the SEC over whether foreign brokers should be admitted to NYSE membership.

Banks' role

As recently as April 8, he attacked the central market system that the SEC favours as "a concept without a workable plan for implementation," arguing that it would mean the destruction of the competitive auction market as it traditionally existed and would result in the concentration of power in the hands of a couple of dozen major dealers.

Equally, influential houses like Merrill Lynch believe that Mr. Needham had failed to move with the times. Its plan, unveiled last October, for a radically new trading system built round a national electronic market network was seen as a frontal assault on the existence of the NYSE itself and all the other regional exchanges.

Other, more traditional members of the brokerage profession argued that Mr. Needham had neglected to confront what they feel to be inroads into their authority made lately by the commercial banks in what some brokers believe to be a direct violation of the Glass-Steagall Act.

The chairman was, therefore, in the private conversations of Wall Street being hung as both impossible so far to unearth sheep and lamb. But it has been evidence of a concerted effort to oust him, which is why his resignation today came as such as surprise.

Nor is there unanimity of opinion today on what the onset of Mr. Batten will do for the stock exchange. He is widely respected in both the financial and industrial communities but, in view of his age, his chairmanship will probably be an interim one.

Polaroid to take Kodak to court in battle over instant camera

BY DAVID BELL

WASHINGTON, April 27.

THE BATTLE for the instant camera market was joined in earnest to-day when Polaroid announced that it is taking Eastman Kodak, which unveiled its own range of instant cameras less than a week ago, to court over 10 alleged patent infringements.

A spokesman for Polaroid said to-day that the company filed a suit in Boston yesterday charging that Kodak has infringed four U.S. patents covering design of the cameras and a further six which relate to instant film technology.

He declined to be more specific about charges and a Kodak spokesman was not available for comment. Kodak's stock fell $1¼ on news of the law suit.

Polaroid, which developed the instant camera and has been awaiting a Kodak challenge with some trepidation for years, has protected its instant camera technology with patents in many parts of the world.

A spokesman said that it is fully covered by British patents but the new Kodak cameras so far have ben launched only in North America and are not expected to go on sale overseas until next year.

Kodak has refused to discuss development costs of its new range of three instant cameras but most analysts reckon that it has spent at least as much as the $600m. which Polaroid spent on its new SX70 camera, which now sells at the rate of a million units a year.

Last year Polaroid had sales of about $800m. compared with Kodak sales of about $5bn.

The instant camera market is a large one and Kodak said last week that it expects to sell up to 2m. instant cameras in the first year, partly because the Kodak cameras have a definite pricing edge.

In other respects, as camera industry observers noted last week, the Kodak and Polaroid processes have a number of similarities and it is this which may have moved Polaroid to go to court.

In particular, according to most observers, the process used to develop the film is very similar. Both companies use rollers which squeeze out an activating chemical beneath the cover of the film's multi-layered "sandwich" which acts as a sort of instant darkroom for each print.

Pay beds Bill would resolve 'cankerous divide,' says Ennals

BY PHILIP RAWSTORNE

THE GOVERNMENT'S Bill to phase out pay beds would resolve "a cankerous divide" in the National Health Service, Mr. David Ennals, Secretary for Social Services, told the Commons yesterday.

Condemning industrial action by both doctors and ancillary workers, he said the Government's legislation was the only solution that would end conflict within the NHS and restore its common sense of purpose.

Mr. Ennals, opening the second reading debate on the Health Services Bill, claimed that it struck "a fair compromise" by phasing out pay-beds at a rate which would give the medical profession time to make adjustments in the private sector.

Offering further talks on the location of the first 1,000 beds to be withdrawn, he declared: "Our policy is for the separation of private medicine—not its abolition."

Mr. Ennals estimated that, by 1980, the Government's action would cost the NHS about £20m. in lost income, but he said that this would be far outweighed by the benefits. Resources and staff equal to those needed to run three or four district general hospitals would be released and waiting times would eventually be reduced.

But Mr. Patrick Jenkin, Conservative spokesman, claimed that the policy would inevitably damage the NHS and harm its patients. The service would lose £40m. to £50m. as well as some of its best doctors, he argued.

Donald Maclean writes: Three bus-loads of workers in various medical fields yesterday lobbied MPs at Westminster on the occasion of the second reading of the Bill.

The workers were largely from the St. Mary's group of hospitals in Paddington, but since they are electors in various constituencies outside London, they were received by a number of MPs.

● According to latest Government estimates, the additional payments agreed for the junior hospital doctors will cost about £28m., instead of the £14.2m., originally envisaged by the Pay Review Body, Mr. Ennals told the Commons.

In an exchange with Mr. Jenkin, who complained of the "staggering increase" in the original estimate, he made it clear that the health authorities will have to meet the extra costs out of their own funds.

"It is for the authorities themselves to decide on the priorities in their expenditure," said Mr. Ennals.

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